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International Court of Justice

H1231-0002

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Exhibit USA 651
Filed Jan. 11, 1946

TRANSLATION OF DOCUMENT NO. 3533-PS
OFFICE OF U.S. CHIEF OF COUNSEL

I hereby certify that I had the following positions and activities:

(a) Member of the Nazi Party - 1931-1945

(b) (Personal economic adviser of Hitler - 1931) did not exist *

(c) Chief of Division of the Central Nazi Party Directorate in charge of private economy, Munich. 1932. only a few months *

(d) Chairman of the Committee of the Nazi Party on Economic Policy- December 1932 to January 1933.

(e) (Deputy Chairman of the Reich Economic Council of the NSDAP) ,- 1931). I don't know that. *

(f) National Socialist Deputy to the Reichstag - July 1932 - February 1933.

(g) Press Chief of the Reichsregierung - 30 January 1933 to 1937.

(h) Under-Secretary of the Reich Ministry for Public Enlightenment and Propaganda - 1 March 1933 to 1937.

(i) Vice-president of the Reich Chamber of Culture - 1933 to 1945.

(j) Member (and vice-president) of the Reich Senate for Culture 1933-1945 *

(k) Vice-president of the Film Credit Bank - 1933.

(l) Chairman of the Administrative Council of the Board concerning Advertising by German Business -1933-1937.

(m) Chairman of the Board of Directors of the Reich Broadcasting Company - 1933-1937.

(n) Reich and Prussian Minister of Economics - 1938-1945.

(o) Member of the Prussian State Council - 1938-1945.

(p) Chief Plenipotentiary for Economics - appointed 1938. since December 1939 restricted to Ministry of Economics and Reichsbank *

(q) President of German Reichsbank - 19 January 1939 to 1945.

(r) Chairman of the Board of Directors of the Deutsche Golddiskont-bank 1939 - 1945.

(s) Member of the Ministerial Council for the Defense of the Reich 1939 - 1945.

(t) Chairman of the Board of Directors of the Continental Oil-Company - 1941-1945.

(u) Member of the Central Planning Board - September 1943 to 1945.

signed Sauter
lawyer

I can only sign this document with the deletions and changes I made *
21 Dec.
Sign.

* the interlineations and comments were inserted by Defendant Funk
() Indicates parts deleted by Defendant Funk

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Exhibit USA 652
Filed Jan. 11, 1946

EXCERPTS FROM DOC. NO. 3563-PS
OFFICE OF U.S. CHIEF OF COUNSEL

Excerpts from German Publications Concerning
Defendant Funk's Positions and Activities.

With respect to the positions and activities which are listed on Document 3533-PS, but to which Defendant Funk refused to stipulate, statements from relevant German publications are submitted below, with a request that the Tribunal take judicial notice of those publications:

"(b) Personal Economic Adviser of Hitler"

(1) A book published in 1932 by Edgar v. Schmidt-Pauli entitled "The Men around Hitler" (Die Männer um Hitler) devotes a chapter to Funk (pp. 92 - 96) under the heading "Walther Funk - the Adviser on Economic Policy". (Walther Funk - Wirtschaftspolitischer Berater). It is stated on page 92 of this book:

> "Walther Funk, today the personal adviser of Hitler on Economic Policy, the man, foremost, who establishes personal contacts between the Fuehrer of the NSDAP and the economic leaders in the Reich".

(2) In the German "Who's Who" (Wer Ist's?) published in 1935 (Document 3499-PS), the chapter on Defendant Funk (at p. 463) contains the following statement:

> "Since 1931, Economic Adviser to Fuehrer of NSDAP".

(3) In the German Fuehrer Who's Who, 1934/35 (Das Deutsche Fuehrerlexikon, 1934/35) published in 1934 (Document No. 3489-PS), it is stated with respect to defendant Funk (at p. 139):

> "1 July 1916, editor of the "Berliner Boersen-zeitung"; 1922, editor-in-chief till end of 1930; since then economic adivser to the Fuehrer of the NSDAP;"

The title page of that book states:

> "No objections are raised by the NSDAP to the publication of this book; Munich, 15 June 1934".

Moreover, the book's preface, which was signed by the publisher and the editors, states (at p. 12):

> "It would have been impossible for us to perform the task which we set ourselves if we would not have gone about the publication of the book by co-operating with the competent official authorities".

(4) In a book by Paul Meyer, entitled "Walther Funk, a Life for the Economy" (Walther Funk, Ein Leben fuer die Wirtschaft), 1941 (Document No. PS-3505), published by the Central Publishing House of the Nazi Party, the following statement appears (at p. 80):

> "The Fuehrer had made up his mind already, immediately after Funk's connection with the Boersen Zeitung on 31 December 1930 was severed, he appointed him a member of the Reich leadership of the party and chose him as his personal economic adviser. This was proof of his greatest confidence."

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"(e) Deputy Chairman of the Reich Economic Council of the NSDAP."

(1) The German Fuehrer Who's Who 1934/35 (Das Deutsche Fuehrerlexikon, 1934/35) (Document No. PS-3489) states (at p. 139):

> "1 July 1916, editor of the "Berliner Boersen-zeitung"; 1922, editor-in-chief till end of 1930; since then economic adviser to the Fuehrer of the NSDAP; main department leader with the Reich leadership in Munich and chairman of the Commission for Economic Policy as well as deputy chairman of the Council for Reich Economy of the NSDAP".

(2) The official National-Socialist Yearbook (National-sozialistisches Jahrbuch) 1933, published in cooperation with the Reich leadership of the NSDAP, contains a description of the Reich Economic Council of the NSDAP, and states (at p. 350):

> "Second Chairman of the Reich Economic Council: Walther Funk".

"(j) Vice-President of the Reich Senate for Culture"

The "Reichsband", the official encyclopedic reference work listing all offices of the Party, of the Government, and of the professional organizations, 3rd edition, 1941/42, states on page 9 of its chapter on "Berufsorganisationen" (professional organizations):

> "Members of the Reich Senate for Culture
> . . . . . .
> Vice-Presidents: Reichsminister Walther Funk
> and Under-Secretary Karl Hanke".

CERTIFICATE OF TRANSLATION
OF DOCUMENT NO. 3563-PS

3 January 1946.

I, LEO LOEB, Civilian, hereby certify that I am thoroughly conversant with the German and English languages, and that the above excerpts from the German publications are true and correct translations of the German originals.

LEO LOEB.

Exhibit USA 653
Filed Jan. 11, 1946

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TRANSLATION OF DOCUMENT NO. PS-3505
OFFICE OF U.S. CHIEF OF COUNSEL

Walter Funk "A Life for the Economy" By Dr. P. Oestreich
Central Publishing House of the NSDAP, Franz Eher, succ. München
1941.

From the last paragraph p.77 to end of first paragraph p.73

The either or that has arisen out of these articles was no longer binding for Funk for quite some time. It was a concession to the tradition of the Boersen Zeitung to keep itself above the parties that advocated the national idea in one form or another It was the last concession he made in his association with the Boersen Zeitung. On 31 December 1930 he resigned and became a member of the party of Adolf Hitler.

Page 80. First six lines of first paragraph.

The Fuehrer had made up his mind already. Immediately after Funk's connection with the Borsen Zeitung on 31 December 1930 was severed, he appointed him a member of the Reich leadership of the party and chose him as his personal economic adviser. This was proof of his greatest confidence.

Page 81. Second paragraph.

It was for Funk not only a very honorable but also a very important duty to be advisor and special official to the Fuehrer and he served enthusiastically with all his power and knowledge. In 1931 he became a member of the Reichstag. The document of his activity at the time is: "Economic construction program of the NSDAP" which was formulated by him in the second half of the year 1932. It received the approval of Adolf Hitler and was declared binding for all Gau-leaders, speakers on the subject and Gau-advisers on the subject and others of the party.

Page 82. Last paragraph but one.

Funk at the time gave the party speakers the following fundamental sentences on their way. We have sufficient national capital in Germany. We can furthermore by working produce new capital. Therefore our people can live and develop! We can and must forego international capital, and we have furthermore the duty to liberate the German economy from the bonds of international capital. The German agriculture and the whole German economy can only be developed through the National State,

Only a Government which has the full confidence of the people can force through the necessary reconstruction of the German economy and can with ruthless consequence promote the national and socialistic principles which only the National Socialist movement of Adolf Hitler is calling its own.

Page 83, last paragraph.

No less important than Funk's accomplishments in the programmatic field in the years 1931 and 1932, was his activity at that time as the Fuehrers liaison man to the leading men of the German economy in industry, trade, commerce, and finance, On the basis of his past work his personal relations to the German economic leaders were broad and extensive. He was now able to enlist them in the service of Adolf Hitler, and not only to answer their questions authoritatively, but to convince them and win their backing for the Party. At that time, that was terribly important work. Every success achieved meant a moral, political, and economic strength-

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ening of the fighting force of the Party and contributed toward destroying the prejudice that National Socialism is merely a party of class hatred and class struggle.
The public sees or knows very little or nothing about such activities. But the Fuehrer has made it quite evident that he was well satisfied with Walter Funk in these two years of the decisive battle before the ascendancy to power. In the most convincing form probably at the moment of victory. When he received on the historic 30th January 1933 in the evening the jubilant demonstration of the masses, standing at the window of the shortly before occupied Reich Chancellory he had in the brightly lighted windows beside him his most loyal disciples and one of them was Walter Funk who had greeted the Fuehrer together with the then Secretary of the Reich Chancellory later the Reich Minister Dr. Lammers, at the entrance to the Reich Chancellory after the historic journey from the Kaiserhof to the Reich Chancellory in the afternoon of the 30th January 1933. In the late afternoon the first Cabinet Meeting took place under the Presidency of the Reich Chancellor Adolf Hitler at which Funk already participated as Press Chief of the Reich Government. Since then there has not been any meeting of the Cabinet at which Walter Funk did. not participate first as Press Chief and Secretary of State, later as Reich Minister.

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The fact that Funk was appointed by the Fuehrer Press Chief of the Reich Government was not only in consideration that he was an experienced and shrewd jounalist who knew the press and newspaper business extremely well. It is certain that the decision of the Fuehrer was influenced also by the consideration that he saw Funk as the man suited for the daily report to Reich President von Hindenburg. In fact, Funk has discharged this duty, especially in the first months of Adolf Hitler's government, very successfully and with merit. The veteran General Field Marshall had confidence in his East Prussian countryman from the beginning.

Page 91, lines 25 to 27.

Many times the Fuehrer entrusted Funk with a special task at the Reich President.

Page 92, paragraph 2.

On 13 March 1933 the press department of the Reich Government with a small personnel of approximately 30 persons was incorporated into the Reich Ministry for Public Enlightenment and Propaganda, of which the propaganda leader of the party, Dr. Joseph Goebbels became Minister. Funk became his Under-Secretary. On this date there commenced a new and important part in the life of Walter Funk. His sphere of duties was multiplied even if the current importance of the position of Press Chief of the Reich Government may naturally diminish considerably behind the position of the new Minister for the press.

Page 93, second paragraph.

For almost five years Walter Funk has been the Under-Secretary of this Ministry and naturally has decisively influenced its organisation and work, In this task his singleness of purpose and his quiet considered judgment which were already proven when he built up the commerce section of the Berlin Boersen Zeitung was very useful to him. He knows how to organise without getting nervous and without making anybody nervous. But he had to accomplish besides quite a

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number of special duties which many times had a very strong economic colouring. In this way he became Vice President of the Reich Chamber for Culture, first member of the Senate for Culture Chairman of the Board of the Reich Broadcasting Company, the Publicity Council of the German economy, the Film Bank, the Berlin Philharmonic Orchestra and many other political, economic and social institutes. These were not only positions of honor but many times difficult and patient reconstruction work had to be done.

Page 94, last paragraph.

a) Besides Funk had as a special duty from his Ministry received the task to take care of the cultural life. In this position he organised quietly a tremendous concern which represented an investment of many hundreds of millions. In close co-operation with the Reich Leader of the press, Max Amann, the economic fundamentals of the German press were reconstructed according to the political necessities. The same took place in the film industry and in other cultural fields.
The very harmonious co-operation between the Minister Dr. Goebbels and his Under-Secretary which lasted almost five years, became visible before all the world in the success of the Ministry of which the influence and sphere of work grew from year to year.

Page 106, second paragraph.

The change from the peace economy to war economy which Funk had to accomplish in his capacity as Plenipotentiary for the Economy took place almost without a hitch. The methods of directing the economy which have proven so successful already during the last years of peace now proved themselves also in the war economy.

Page 106, last paragraph. last sentence.

The third task which was put up to the Reichsbank President Funk was accomplished through the new law concerning the Reichsbank of 15 June 1939.

Page 110. Second paragraph.

Adolf Hitler has done away with this Dawes Constitution by degrees the same as with many other shameful regulations of the enemies. He made the final decision when he gave the order to Reichsbank President Funk to organise the Reichsbank in accordance with National Socialist principles. He should continue the process that was commenced already by a law in 1937 of changing the status of the Reichsbank under the Dawes Plan as an institution which was partly excluded from the sovreignty of the German Reich to an institution which was completely and unconditionally under the sovreignty of the German Reich.
The draft which Funk transmitted to the Fuehrer was made a law by him on 15 June 1939.

Page111.

As one can see the new Reichsbank law has fully reconstituted the German sovreignty over the Reichsbank. But it has done another very important thing. It has done away with gold and gilt edged foreign exchange in its governing position concerning the question

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of covering the currency circulation. Gold must not be any more the decisive part of the cover which automatically governs the amount of the lawful circulation of notes but it can be used by the bank as a means to cover and there should be kept a certain amount for the regulation of the currency exchange with foreign countries and for the consolidation of the currency. Gold, therefore, is according to the new German Reichsbank law formally what it already was for a long time in fact, that is, the international means of clearing. For the internal use of the countries over the whole world it is hardly employed to any worth while extent. Paper money has taken its place but in Germany the State determines the value of the money and not international powers.

Certificate of Translation
of Document No. PS-3505

I, Leo Loeb, Civilian, hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a correct and true translation of Document No.PS-3505

Leo Loeb
civilian.

SECRET

DOCUMENT NO. 2828-PS
OFFICE OF U.S. CHIEF OF COUNSEL

Exhibit USA 654
Filed Jan. 11, 1946

SECRET

AUTH: CG,US Gp CC
INIT: McG.
DATE: 21 July 45

SPECIAL DETENTION CENTER "ASHCAN"

TRANSCRIPT OF RECORD OF FINANCIAL INTERROGATIONS OF

Hermann Goering
Walther Funk
Schwerin von Krosigk
Hans Lammers

NOTE : These interrogations were conducted by Major Hiram Gans, Financial Branch, G-5, SHAEF, on June 2, 3 and 4, and by Mr. Clifford J. Hynning, Finance Division, US Group CC (Germany), and Lt. Herbert Dubois, Financial Branch, G-5, SHAEF, on June 25, and 26, 1945.

SECRET

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Pages 42 to 58

INTERROGATION OF FUNK
4 June 1945

Q. What is your full name?

A. Walther Funk

Q. Do you have any other names?

A. Immanuel is my middle name.

Q. What is your address?

A. Berlin Wannsee, Am Sandweider 17-19. Also a small farm in Bavaria where my wife later lived at Bergerhof near Bad Tölz. I have lived there lately. I have no other addresses. The house in Wannsee was an official residence.

Q. What positions have you held?

A. In the Nazi State or otherwise?

Q. Your last position?

A. President of the Reichsbank since 1939. Reich Economic Minister. Reich Director 1938.

Q. Have you had any other jobs since 1938?

A. No.

Q. Before 1938 what positions did you have?

A. Press chief of the Reich Government; State Secretary in Prepaganda Ministry. Held those 2 jobs since 1933.

Q. What kind of job did you have before 1933?

A. Since the middle of 1931 headed an Economic-Political Information Service and before that for 15 years was editor in chief of the Berliner Börsen Zeitung. Headed the Economic Political Service at the request of German Industry and Economy and I joined the party in 1931.

Q. What was the name of the Information Service?

A. "Wirtschaftspolitischer Pressedienst" (Economic-political press service). It was mainly for leading people of leading offices. I was press chief in the office for only 7 months and then took over as party press chief. Then in the Propaganda Ministry I dealt with theaters, films and similar matters.

Q. Who asked you to become liaison in the Ministry of Economics?

A. A wide circle of industries, mainly coal and mining people and especially certain associations called Bergbauverein in Essen.

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Q. What are the names of the people who asked you?

A. Albert Vögler, Vereinigte Stahl-werke - still with the same company.
Knepper, Gelsenkirchner Bergwerksverdien.

Q. Was I.G. Farben on your list?

A. All mining companies.

Q. Name the individuals with whom you had contact.

A. Thyssen but did not deal with him personally.
Peter Klöckner, had old mining industry.
Diehn.
Kalisyndikat.
Rosterg Wintershall.

Q. Was there anyone from the Rhein Metal?

A. No.

Q. What about Krupp?

A. He was a member but I had nothing to do with him personally.

Q. Was there anyone from the Alexander Mine?

A. I do not think so.

Q. Did they approach you or did you have to go to them?

A. They approached me. When I was editor-in-chief of the Berlin paper, people approached me saying they wanted someone to exert economic and political influence in the new party which they assumed eventually would gain power in Germany but these people were in doubt as to the economic aims of the party and wanted them clarified. I was in touch with the party men at Munich, Gregor Strasser and later with Hitler.

Q. Have you travelled outside of Germany for the industries?

A. No.

Q. Did you get a contribution from the industries for the Nazi party?

A. Not directly but whenever I put these people in touch with Hitler - then there would be a conference with Hess or someone and they would organize collections for the party. It was only in some instances during the election in 1933 when the party was seriously financially embarrassed that they would contact me and I would obtain initial funds for the party from industries.

Q. How much?

A. In 3 or 4 cases where direct intervention was sought, the total was approximately ½ million marks.

Q. Were there any other funds or gifts made for the party from industries?

A. No, they were always for Hitler - they went through Hess.

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Q. Did you get anything from Goering?

A. I had hardly any connection with him.

Q. Were any gifts made to Goering directly?

A. I do not know.

Q. You joined the party in 1931?

A. In the summer of 1931.

Q. What position did you hold in the party?

A. No particular position. I was regarded as economic adviser of the party. There was no particular office.

Q. Was this newspaper and news service profitable?

A. The real owner was Dr. Wagener who held some sort of economic position with the Nazi Party.

Q. Had you connections with Dr. Wagener before you became liaison with industry and the party?

A. Before I joined the paper was relatively small and since I had a well known name a good many industrialists started to subscribe.

Q. How many subscribers?

A. This was a very long time ago but I think there were approximately 60 but they paid very well.

Q. Did you furnish economic intelligence to them?

A. Furnished information on economics and politics - also economic articles. The whole thing lasted for about 1½ years.

Q. What was Dr. Wagener in the party?

A. I think he was head of the Political Economy Office but I am not certain. Later on he completely disappeared from the picture. By virtue of Dr. Wagener having that office Dr. Wagener took part in the Nazism of Germany in industry by removing from industrial associations and chambers of commerce people who were not Nazis and replacing them with others who were Nazis.

Q. Is that how you got your appointment?

A. At that time I was in the Propaganda office and press chief.

Q. Was this your only source of income?

A. No other source of income. Since entering the State I have less money than before. I had a very high income as editor-in-chief of the paper.

Q. How much?

A. Regular salary of 36,000 marks. Also wrote for other papers and gave lectures. My total income was a little over 40,000 marks a year until 1931.

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Q. As President of the Reichsbank did you control issuance of Reichsbank currency?

A. Yes, the Reichsbank would get written note from the Reich Finance Minister signed by Hitler instructing the Reichsbank to discount treasury bills up to a certain limit. The duty of the Reich Finance Minister was to satisfy the financial demands of the Reich and especially the Reich Armaments which were very high.

Q. Who asked for initial production of treasury bills? Was it the Ministry of Economics who decided how much money was necessary?

A. The Reich Ministry of Finance. Economics had nothing to do with it. Prior to my taking office another system was enforced which had been devised by Schacht. It inserted the so called mefo into the financial apparatus whereby the bills were issued by the Mefo but when I took office I eliminated mefo which only served to conceal from the general public the financing methods used.

Q. Who had control of the manufacture of currency in Germany - the Reichsbank ?

A. The Reichsbank.

Q. How many outstanding now ?

A. I do not know what happened during the last 2 months. There were approximately 60 billion outstanding prior to that time.

Q. How many Rentenmarks?

A. Approximately 2 billion.

Q. Is this pretty close to being accurate?

A. Yes.

Q. Are there any papers or records which would indicate exactly?

A. The last exact records were with the Reichsbank either in Berlin or Weimar. After that they went to little communities between the various Reichsbank branches.

Q. Where were the places? Where were they manufactured?

A. Berlin - Reich Printing Works; Zwickau; Vienna; Witzenhausen near Kassel. Later since there was a great scarcity of bills in southern Germany, I prepared an auxiliary Reichsbank note to be printed in Munich but it never came to pass as Munich was occupied.

Q. Were there any other places?

A. No.

Q. What about Linz?

A. The place in Linz was making photostatic copies of certain denominations and certain serial numbers with a view to overcoming the emergency period caused by the scarcity of bills in Austria. These

photostatic copies were to be recalled later when adequate supplies of bills were available.

Q. Did you issue the photostatic copies with the same number?

A. They all had the same number. This was necessary because no notes had been printed in southern Germany. The paper on which these were published was quite different from the regular money temporarily being issued. It was necessary to do this to pay wages.

Q. Were they photostated or photoengraved?

A. They were a regular photostatic copy. They just looked slightly different. Also they were printed on a different size paper. An announcement was published that these would be used as emergency money. The notes had full legal tender and were to be recalled later.

Q. When were they published?

A. About the last 2 weeks before occupation.

Q. What month?

A. The end of April.

Q. In what cities?

A. All over Austria.

Q. Who made them and where were they actually made?

A. I myself have not seen the notes. The photostats were made in printing shops. Made by the local Gau Economic Adviser.

Q. Who had control of the quantity of money to be manufactured in the towns?

A. The Reichsbank because the notes could be issued only by the Reichsbank in accordance with Reichsbank instructions.

Q. Who controlled the paper?

A. The Gau Economic Chamber in Linz and Salzburg.

Q. Who controlled the sheets of this paper actually made?

A. The Gau Economic Chamber had advisers in the plant.

Q. What about the Reichsbank?

A. The Reichsbank never had any direct supervision in the regular printing shops. The printers were pledged and it was not necessary to exercise any control.

Q. Was there a special kind of paper used for this photostating?

A. I do not know the procedure.

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Q. When treasury bills were discounted with the Reichsbank and you made to order notes to be printed for the quantity of bills discounted, how many treasury bills were issued in this way?

A. Approximately 250 billion in short termed treasury bills.

Q. Any other securities?

A. Shortterm - Schatsanweisungen with maturity from 6 to 12 months.

Q. Who issued them?

A. Reich Minister of Finance sold through the Reichsbank.

Q. Were they sold to the public?

A. Sold to banks and large industrial concerns.

Q. To insurance companies?

A. Yea, but not so much. Sold mainly to Banks and armament firms.

Q. About how much of this type of paper was issued?

A. 150 billions approximately. I am not certain and things may have changed during the last 2 months.

Q. What else was issued?

A. Long term paper.

Q. How much issued?

A. 150 billions but the Reich Finance Minister would know better. He obtained the money while the Reichsbank was only the sales office.

Q. About how much in gold would the Reichsbank have?

A. At what time?

Q. At any time?

A. Beginning in January 1945, 450 million Reichsmarks in gold

Q. February?

A. In February 1945 by instructions of the Fuehrer the gold was moved to a mine in central Germany but this was captured by the American troops.

Q. All of it?

A. There were smaller items in various Reichsbank branches. Most of the deposits with the Reichsbank branches were taken over by the American Military Government. There is an exception of 10 tons of gold which was given to a Wehrmacht unit for safe keeping and protection. To date and according to the latest information I do not know whether or not it has been found because no one knows where the officers are that had the gold

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Q: What unit had it?

A: It was taken by a unit of mountain troops. The mountain troops suggested taking the gold into the mountains because previously it had been hidden in a mine in Bavaria which was not suited. The officers have not been found so the gold cannot be traced. Lists of the gold in this connection were preserved at the Reichsbank.

Q: Where?

A: In Munich.

Q: Where is the list of all the gold?

A: In Berlin.

Q: There are no lists any place else?

A: The Foreign Exchange Director, Friedrich Wilhelm, has all records and if he moved out of Berlin he may have taken them along. He knows about all the small items spread out but they have all been taken by the American Army. The American officers interrogated him and told him where such stocks of gold were found.

Q: All the gold with the exception of a few small lots were put in Merkers?

A: By far the biggest item, 400 million.

Q: All the rest totaled 50 million?

A: Yes.

Q: How many deposits in balance?

A: 6 or 7.

Q: Where?

A: They are all small items. Konstanz Reichsbank used to buy Swiss francs from Switzerland. At Lindau on Lake Konstanz in the Reichsbank we have small items in circulation.

Q: Any place else?

A: No.

Q: Did you decide where this gold should be distributed?

A: In the case of very large sums I made decisions but on smaller sums the Reichsbank did the directing.

Q: How much did Himmler get from you?

A: Himmler did not get anything from me.

Q: How much did Himmler get from the Reichsbank?

A: I do not believe he got anything from the Reichsbank.

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S E C R E T (Funk)

Q: Did you get gold from Himmler?

A: Once the SD made a Verschlossenes Depot a deposit of which the Reichsbank had no knowledge of the contents.

Q: On other occasions would the SS make any deposits?

A: I do not know.

Q: What about their deposits of gold?

A: Definitely not. I know of only one deposit by the SD and the contents is not known.

Q: Did the SS ever bring in deposits of rings, gold teeth or anything else?

A: No.

Q: Are you sure?

A: I do not know because jewelry is something the Reichsbank does not handle.

Q: Did you ever melt gold to bullion?

A: No.

Q: Did you melt gold bars?

A: I am not familiar with this and had nothing to do with things of this sort. As President I was concerned only with questions of foreign exchange and deposits.

Q: Isn't gold a question of foreign exchange?

A: So far as the Reichsbank is concerned, everyone in Germany owning gold coin or foreign exchange surrendered it to the Reichsbank for Reichsmarks currency. This was completed before I took office. When I took office I found the gold there which was gradually consumed, then a sizeable receipt from Belgium and France. At first the Reichsbank refused to accept it because the property rights were not clearly defined.

Q: All this happened after 1938?

A: Yes, during the war.

Q: The gold you are talking about, wasn't that gotten from Vichy?

A: The Reichsbank received it from the Foreign Office.

Q: Where did the Foreign Office get it?

A: From the Vichy Government. The Foreign Office and the Four Years' Plan were the 2 governmental agencies concerned with the gold.

Q: What did they do with the gold?

A: The Reichsbank took it over on account of the law called "Kriegsleistungsgesetz."

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SECRET

Q. Who wrote the law?

A. Minister of the Interior.

Q. Who objected to your taking this gold?

A. I did.

Q. Why did you object?

A. Because the ownership rights were not clear. It was the gold that the Belgium Government and Belgian Central Bank had deposited in France.

Q. Do you want us to believe that you had been a member of the party since 1931 and you did not want to receive this gold?

A. Yes, because it would have encouraged serious consequences with the Reichsbank in international relations with other central banks which were entirely in accord.

Q. Do you know anything about deposits of jewels or metals made in the Reichsbank?

A. I know the Four Years' Plan had diamonds in custody at the Reichsbank not owned by the Reichsbank and with which the Reichsbank had nothing to do. They were left there as protection and later were placed at the disposal of a jeweler who worked on diamonds.

Q. We will give you one more chance - have you any large deposits of gold in the Reichsbank in suitcases?

A. No.

Q. Do you know Melmer?

A. I am hearing his name for the first time.

Q. Did Melmer deposit any gold in the Reichsbank?

A. I am hearing his name for the first time.

Q. Do you know Max Heilegar?

A. I am hearing his name for the first time.

Q. Who would handle the receiving of gold in the Reichsbank?

A. The office working under the Director, F. Wilhelm.

Q. Is he the only one that would know?

A. His was the only office responsible for receiving and handling gold and foreign exchange.

Q. Who had charge of withdrawals of gold from the Reichsbank?

A. The same office.

Q. Were you informed of withdrawals?

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S E C R E T (Funk)

A. Only very large items. I definitely did not hear names.

Q. How large a sum was delivered to the Four Years' Plan?

A. The Four Years' Plan could dispose of all gold held by the Reichsbank. In addition to that, there was a special gold reserve fund at their sole disposal and the Reichsbank could not touch it. This special fund included the 450 million marks in the fund that I mentioned earlier.

Q. In 1938 you became President of the Reichsbank. How much gold did the Reich have?

A. Not quite 500 million marks.

Q. In 1944 how much gold?

A. A considerable increase occurred only with the influx of Belgian gold -- otherwise reduced through sales of gold to foreign countries.

Q. How much did they have before?

A. Before receiving the Belgian gold approximately 500 million.

Q. How much in Belgian gold?

A. 400 million.

Q. And in 1940 about 900 million ?

A. Including the Belgian gold.

Q. This includes the special gold fund of the Four Years' Plan?

A. This does not include the special fund.

Q. How big was the special fund?

A. It is difficult to say off hand - somewhere between 150 and 200 million.

Q. Then in 1941 how much gold was there?

A. I do not know. All I know is that the gold stock was gradually reduced at the end and left only the gold received from Belgium plus a small remainder. The bulk went to Rumania for the purchase of oil or wheat.

Q. Who in Rumania?

A. The Rumanian National Bank.

Q. Did they insist on payment in gold?

A. Definitely, only against gold payment were we able to obtain wheat.

Q. Weren't you occupying that country?

A. No.

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H1231 - 0021

S E C R E T (Funk)

Q. Were troops there?

A. They had troops together with Reich troops just stationed there.

Q. Was any gold sent to Sweden ?

A. At the beginning of the war Sweden took some gold but has taken none lately.

Q. Was any gold sent to Switzerland?

A. Sales of gold were constantly made.

Q. How much gold was sold?

A. I do not know the details but it would be a considerable amount.

Q. Can you give us a figure?

A. I definitely cannot give a figure. It could have been 100 million or more.

Q. Was any gold sent to South America?

A. I do not know of any gold transaction to South America. We did with Spain via Switherland. Also sold gold to Portugal and smaller items to Hungary, Belgium and Czechoslovakia.

Q. Did you give any gold to any individuals in Germany?

A. No.

Q. Did you give any to the Four Years' Plan?

A. Not from us. The management could request from the Reichsbank from its stocks of gold for certain purposes. I do not know if it ever happened. I think the gold transactions by the Four Years' Plan were made via the Reichsbank.

Q. How was foreign exchange supplied in the normal way to somebody who needed it?

A. Request for a permit made with the department of the Reich Economic Ministry concerned with Foreign Trade and there it was decided upon. If the request was granted, the Reichsbank paid out the foreign exchange.

Q. Who was the head of this?

A. Dr. Kirchfeld and before him to the Under State Secretary von Jagwitz. The last named man was already there when I took on the job in the Reich Economic Ministry.

Q. Why did von Jagwitz leave that position?

A. In the fall of 1943 the Reich Economic Ministry reorganized and all production matters were transferred to the Armament Ministry In connaction with the reorganization, the personnel of the Reic Economic Ministry was greatly curtailed. The Secretary left and so did the under-secretary von Jagwitz. Since the purpose of the

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S E C R E T (Funk)

Reich Economic Ministry from then on was concerned mainly with the matter of disposition of goods, the head of the Reichsgruppe Handel, Dr. Hayler, joined the Reich Economic Ministry.

Q. Was he the one who withdrew the gold from the Reichsbank?

A. No.

Q. What is his first name?

A. Franz.

Q. Was he your secretary?

A. The Ministry did not have anyone at all at the end and settled everything with the State Secretary.

Q. Who handled your personal affairs?

A. Dr. Schwedler.

Q. Who handled your personal check book?

A. Reichsbank Director Reinhardt.

Q. What was his first name?

A. He was chief of the President's office. First name was Johannes.

Q. Did he take care of making out personal checks?

A. Yes.

Q. Did you have any female secretaries?

A. I did not have a female personal secretary. There were several girls working in the internal office and also at the Ministry and Reichsbank.

Q. The tax report was made out by whom?

A. I made them out.

Q. Did you type them?

A. No, I wrote them out by hand.

Q. Did you keep a copy?

A. In Berlin there was a copy.

Q. Did you keep a copy for yourself?

A. I had only my salary and allowance payable to all Ministers - no other income.

Q. What was your salary?

A. 60,000 annually as Reichsbank President and 48,000 annually which was the usual allowance payable to every minister.

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S E C R E T (Funk)

Q. Is this your only income?

A. Yes.

Q. Did you get any payment from the party?

A. I never held an office in the party.

Q. Did you ever get any gifts from the party or people in the part

A. No, but I once received a donation from Hitler on my 50th birth day. Received a farm in Bavaria from the German industries and the money given by Hitler was given as an endowment to the Reichsbank.

Q. How much?

A. 1/2 million marks.

Q. Was this from the Fuehrer?

A. Yes, it was in the form of an endowmant to the Reichsbank for Reichsbank employees at war.

Q. You were given the farm by the industries?

A. Yes, it was given with the permission of Hitler.

Q. What industries?

A. Reich Economic Chamber - Apex organization of the entire industry.

Q. How big was the farm?

A. 200 Morgen. 53 hectors.

Q. Is this the farm where your wife lives ?

A. She was there when the troops arrived and they told her to stay or to move to Bad Tolz so she moved to Bad Tolz. I was informed of this by American officers.

Q. Where is the farm?

A. 7 km from Bad Tolz - 40 km from Munich.

Q. Was it customary for all ministers to receive gifts from industries?

A. No, this was an exception and with special permission because for 25 years I have been active as an economist, political economist.

Q. Did you have any bank accounts?

A. In the Reichsbank at Berlin where I received my Reichsbank salary. Also in the Thyssen Bank.

Q. Any other bank accounts?

A. No.

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S E C R E T (Funk)

Q. Did your wife have any accounts?

A. She had a small account of a few thousand marks in the Deutshhe Bank for current expenses.

Q. Have you any children?

A. No.

Q. Is your wife living alone?

A. She is living with a niece of hers who is the wife of a German Army surgeon. Also living in the home is a small girl whom they adopted. She is the daughter of a Swedish woman who was a very good friend of my wife. This woman lived for many years in Paris. On account of the unstable conditions in Paris, we had taken the little girl over so to speak.

Q. Does the woman still live in Paris?

A. I think so.

Q. Do you have any insurance?

A. Yes, with Allianz.

Q. What office?

A. Berlin

Q. Any other insurance?

A. No.

Q. Do you have any property outside of Germany?

A. No, except that as a member of the Board of the Bank for International Settlement, my Directors fees are deposited there as it is customary with the directors of that Bank. I do not know exactly what it is but it is approximately 15 to 20 thousand Swiss francs.

Q. Have you ever sent any funds abroad to other people?

A. No.

Q. Have you ever sent anything to the mother of this daughter?

A. No.

Q. To anybody else?

A. No.

Q. Have you ever lived abroad?
A. No, only when on official business.
Q. When did you go on official business?
A. Went to Basle once a month to attend a board meeting in the Bank of International Settlement. Before the war I went to negotiate a loan in Turkey. Also went to Bulgaria, Yugoslavia, Italy, Holland, Rumania, Hungary, Czechoslovakia but never went while the territories were occupied.

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SECRET (Funk)

Q: Did you ever go to Austria?

A: Before Anschluss visited Austria once and went for recreation.

Q: Did you go there after Anschluss?

A: I have frequently been to Vienna, Klagenfurth, Graz, Linz, Salzburg.

Q: Have you ever been to France?

A: Never after the occupation. In 1937 I went to Paris to conduct a German Cultural Act at the International Exposition. Since that time I have not visited Paris or any other part of France.

Q: Have you ever been to Holland or Belgium?

A: Not since the occupation.

Q: Ever been to Spain?

A: Never.

Q: Did you take care of remitting funds abroad for the Foreign Office?

A: No.

Q: Who did?

A: There was a special quota allowed and at its request the Foreign Office could make further deposits.

Q: Did the SS have such a fund?

A: There was a special allotment not to the SS but to the Secret Department of the SS.

Q: Who was head of the Secret organization.

A: It was at first a military organization but was combined with the SD and I believe he was Obergruppenführer Kaltenbrunner. The head of the former army department was Canaris.

Q: What happened to him?

A: I do not know.

Q: What happened to the other man?

A: I heard he was taken prisoner in the 7th Army area.

Q: Who was Schellenberg?

A: He was the man who handled the foreign service quota for Himmler. I knew him casually but had nothing to do with him.

Q: Did you know of a hunchback man in Berlin who had to do with foreign exchange?

A: No.

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S E C R E T (Funk)

Q: Were there any other places for the manufacture of foreign money?

A: What do you mean?

Q: Money of other countries?

A: I know nothing.

Q: You have heard about that before?

A: What kind of foreign money?

Q: Every kind, dollars, pounds, francs, etc.

A: I know nothing.

Q: Do you know anything about counterfeiting?

A: No.

Q: How much foreign exchange did the Reichsbank have lately?

A: From 7 to 8 million marks worth of foreign funds.

Q: Of all kinds?

A: I think they were mostly Swedish or Swiss. I do not know definitely.

Q: Who dealt with them?

A: Wilhelm. The fund may have been more possibly up to 30 million because 7 million I now seem to recall may be 7 million dollars. The total amount of foreign exchange amounted to what comes to approximately 30 million marks.

Q: Were there any securities in foreign companies - stocks or bonds?

A: As far as I know they were owned by individuals in Germany and were surrendered on the basis of the Four Years' Plan. They could be sold abroad but I think this took place before I took office.

Q: Were they deposited abroad?

A: Yes.

Q: What procedure?

A: Individual owners got Reichsmark equivalent - Reichsbank got the dollars.

Q: These funds were deposited in the Reichsbank in what account?

A: The foreign exchange account was credited.

Q: Did you have several Devisen accounts?

A: They had a foreign exchange department which kept foreign exchange accounts.

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S E C R E T (Funk)

Q: Were these property of the Reich or the Reichsbank?

A: The Reichsbank.

Q: Then if the Reichsbank made foreign exchange available to the Four Years' Plan, they would owe the Reichsbank for foreign exchange?

A: They paid. The Reichsbank sold foreign exchange only against money.

Q: How could a Minister traveling abroad get foreign exchange?

A: Make request and then was paid either foreign exchange or cash credit.

Q: What about fine art purchases abroad - would you provide foreign exchange?

A: If the Reich leader Bormann requested lira for something the request was made subject to my examination.

He usually go it and the money could have been used to purchase objects of art.

Q: Was the same true of Goering?

A: Not in his case because he already had foreign exchange funds. If the Four Years' Plan notified them it requested foreign exchange and put in the equivalent in Reichsmarks, the foreign exchange had to be supplied but in every case a permit was needed from the foreign exchange branch of the Reich Economics Minister because otherwise the Reichsbank made no payment.

Q: Do you know of any foreign exchange furnished to Goering?

A: No, it was denied by the office concerned.

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S E C R E T

INTERROGATION OF FUNK

26 June 1945 (Evening)

Q: It is reported that most Nazi leaders generally have very substantial accounts abroad. What can you tell us on that subject?

A: Nothing.

Q: When did you realize that Germany was going to lose the war?

A: It is very difficult to come to the conclusion that one's country would lose the war but I began to doubt seriously Germany could win the war as soon as America entered the war. In the summer of 1943 I had many discussions with Hitler and I told Hitler about the production of the United States, but Hitler cut me short and said all that was bluff.

Q: Did you have any doubts before the summer of 1943?

A: During the time of big military victories I never believed in final victory, but I always thought that on a basis of those successes there would be negotiation for a final settlement.

Q: When did Germany's industrialists begin to doubt the outcome of the war?

A: In general the people were very careful not to say anything about that since it was very dangerous, but friends I had known for 25 years in economics began to have their doubts since America entered the war.

Q: Who were they?

A: Voegler in Vereinigte Stahlwerke. When America entered the war and we were threatened I talked to Schacht about it.

Q: Would Schacht make a good Reichsbank president?

A: I can say yes with very good conscience. I have known him for over 25 years and have always held him in great esteem. I also know that Schacht never said anything bad about me, even though he knew that I was not a specialist.

Q: What were the industries which you represented in your negotiations with the Nazi Party in 1931?

A: Represented is not the word. It would be better to say, which circle of industrial people urged me to enter the Nazi Party. Especially those from the minign industry Knepper in the coal industry. Kellerman, Voegler, Tengelmann, Diehn, Rostberg, also some businessman from banking contingents such as Fisher, Reinhardt, from insurance companies Schmidt, Hilgard, Winterfeld,-(Siemens), Poensgen (United Steel Works), Duisberg (I. G. Farben), Kastl, Herle (Reichs Association of Industry.)

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Q: Who, besides you and Schacht were negotiating with industry for support of the Nazi Party prior to 1933?

A: Secretary of State Keppler. He worked in the Cologne area wit Schroeder. Heinrichbauer in the Ruhr industry (Essen). That's all.

Q: What form of cooperation did the business men take? Did they give you money, advertising or what?

A: As all other parties, the Nazi Party was supported with money by the industrialists. In contrast to other parties, I don't think that it was much more than a couple of million.

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S E C R E T

INTERROGATION OF FUNK
26 June 1945 (Evening)

Q: About 1933 we have been informed that certain industrialists attended a meeting in the home of GOERING before the election in March. Do you know anything about this?

A: I was at the meeting. Money was not demanded by GOERING but by SCHACHT. Hitler left the room, then SCHACHT made a speech asking for money for the election. I was only there as an impartial observer, since I was friendly with the industrialists.

Q: Was this the first meeting of this kind that you attended?

A: Concerning money, this was the first.

Q: Who was present when SCHACHT made the speech?

A: Kauert, the nephew of Kildorf, Tengelmann, Winterfeld, Schnitzler, (I.G. Farben) and quite a big circle that I don't remember very well.

Q: How many such meetings were there in 1933?

A: I know only about this one.

Q: Have you attended any other meetings at any later time?

A: There was no other one that I know of.

Q: When you said that devisen and gold in Germany were 500 million, what price did you fix on the gold per kilogram?

A: 3,000 marks, the regular price per kilo.*

Q: What value did you place on the mark in giving us figures on Germany's foreign exchange?

A: The official price - 2.25 per dollar.

* = The actual price was 2,784 marks, according to Thoms, in charge of the precious metals department of the Reichsbank.

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TRANSLATION OF DOC. D 203
OFFICE OF U.S. CHIEF OF COUNSEL

With the year 1918 a whole system collapsed. That it had to come about was often predicted, as much by economic leaders as especially, by Geheimrat KIRDORF. The revolution which the year 1918 brought us was only conditional. In any case it did not bring about the revolution such as in Russia, but only a new school of thought, which slowly initiated the dissolution of the existing order. Bismark's statement:- "Liberalism is the pacemaker of Social-Democracy" is now scientifically established and proven for us. A given school of thought - thought direction - can unsuspectedly lead towards the dissolution of the foundation of the State. In our country also, a new direction of thought had gained ground which slowly led to internal disruption and became the pacemaker of Bolshevism.

Private enterprise cannot be maintained in the age of democracy; it is conceivable only if the people have a sound idea of authority and personality. Everything positive, good and valuable, which has been achieved in the world in the field of economics and culture, is solely attributable to the importance of personality. When, however, the defence of the existing order (DES GESCHEHENEN), its political administration, is left to a majority, it will go irretrievably under. All the worldly goods which we possess, we owe to the struggle of the chosen (AUSERLESENEN). Would we have had the present conditions in the Middle Ages, the foundations of our German REICH would never have been laid. The same mentality that was the basis for obtaining these values must be used to preserve these values. All values which make up the height of our culture originated from an entirely different mentality than that which seized its administration since 1918. The revolution is the first conclusion of a decade-old development of discord in our people. All over the world we experience this crisis of disunity. The people, however, react differently towards it, as for example in Russia and Italy. In the other countries, Germany included, this crisis, in its last possibilities and consequences, is not yet being recognized. Our people has not yet sufficiently recognized that there are two souls struggling for it. Our entire life is based upon common agreements. The smallest example of this is the family and it leads on up to the State. It is an impossibility that part of the people recognise private ownership while another part denies it. Such a struggle splits the people. The struggle lasts until one side emerges victorious. When a man deserts his unit he can be punished. When, however, 15% to 20% disregard their oath of allegiance, the unit must fail as a military instrument. The same applies to a State, if 15% of the people deny the State as a permanent recognized social order, no sound system can be set up for the general public. Therefore, it is impossible to maintain Culture, Art, Religion and Science, if a large percentage of the Nation refuses to abide by the thoughts which created such a Culture. Justice also can only be established upon generally recognised theories. Therefore, it can also be Bolshevistic, if it has to protect the Bolshevist cause. Such a condition of discord leads slowly but surely to agony, to the death of an ideology. No two ideologies can continuously live alongside one another. In such struggles the strength of a people eats itself completely up internally and therefore cannot act externally. It does not rest. This condition of attrition lasts until one party emerges victorious or the State itself dissolves, whereby a people loses its place in history. We live in such times now, when the die must be cast, and when we must decide whether we want to adopt a form of life that supports the State or to have Communism. The latter is also thinkable. It is often being said that Communism is the last step of humanity. I believe the very opposite; it is the origin of human development. It represents the most primitive form of human life. The deeper one delves into nature, the more alike becomes its achievements, they become as in Communism more and more homogeneous. The Communist principle does not hold water. It is not by chance that one person accomplishes more than the other. The principle of private ownership which has slowly gone into the general conception of justice and has become a complicated process of economic life, is rooted in this fact. The course which

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we have to take is clearly indicated. It is, however, not enough to say: We do not want Communism in (our) Economy. If we continue on our old political course, then we shall perish. We have fully experienced in the past years that Economics and Politics cannot be separated. The Political conduct of the struggle is the primary decisive factor. Therefore, politically clear conditions must be reached. As Economics alone has not made the German REICH so did politics not make Economics. But each one built steadily higher upon the other. As a hand-in-hand working of Politics and Economics brought us to our height, so meant the working against one another, as we experienced it after the revolution, continuous downfall. As I lay in the hospital in 1918 I experienced the revolution in Bavaria. From the very beginning I saw it as a crisis in the development of the German people, as a period of transition. Life always tears up humanity. It is therefore the noblest task of a Leader to find ideals that are stronger than the factors that pull the people apart. I recognized even while in the hospital that one had to search for new ideas conducive to reconstruction. I found them in Nationalism, in the value of personality, in the denial of reconciliation between nations, in the strength and power of individual personality. On this basis I tried to reach an understanding between two souls struggling with one another within the German people. The struggle which I undertook was so much harder because it was conducted during a time when the law for the protection of the weak and decadent held true, a law under which every nation is doomed to perish. Of course, nothing is being accomplished by simple denial of such ways of thought, one has to offer new thoughts. If one rejects pacifism, one must put a new idea in its place immediately. Everything must be pushed aside, must be replaced by something better.

For 40 years we are experiencing a continuous growth of Social Democracy. Bismark said shortly before he retired:- "If this keeps up, Marx must remain victorious".

The creative and decomposing forces in a people always fight against one another. In this struggle one side always gains ever greater heights than the other, and therefore I have been following the development of Social-Democracy with steadily growing concern and said to myself, we must come to a decision. I have repeatedly taken the occasion to point out to responsible people what dangers were threatening the German people. Time and again it was argued, amongst others, by von Seeckt, that at the present time this would mean civil war. And when, a few years ago, the number of Socialist seats went back a little, I was told triumphantly:- "Look here, the danger is already over". They always comforted themselves with the hope that the Socialist movement would slow down by itself. The danger, however, cannot be overcome by such means. Human beings are nothing less but equal, and if human beings are not led, they drop back into the most primitive ancient state. It was this perception that moved me to found a new Nationalist movement, which after 14 years of struggle has become a leading force in the German REICH. We must not forget that all the benefits of culture must be introduced more or less with an iron fist, just as once upon a time the farmers were forced to plant potatoes. For all this however, courage, and iron will and perseverence are essential.

We stand to-day facing the following situation:- Weimar imposed upon as a certain constitutional order by which they put us on a democratic basis. By that we were, however, not provided with an able governmental authority. On the contrary, as I criticised Democracy before, Communism had to bore its way constantly deeper into the German people. The result was an ever increasing tension, by which also - and that is almost the worst - the courts did not remain uninfluenced. Two fronts have thus shaped themselves which put to us the choice:- either Marxism in its purest form or the other side. One cannot assume the point of view and say:- the other side will gradually break through again. Such an attitude means defeat. When I wanted to act, I was advised to wait a while. But I did not agree to such toleration . With the very same courage with which we go to work to make up for what had been sinned during the last 14 years, we have withstood all attempts to move us off the right way. We have turned down the favour (benevolence) of the Catholic Centre Party (ZENTRUM) to tolerate us. HUGENBERG has too small a movement. He has only considerably slowed down our development. We must first gain complete power if we want to crush the other side completely. While still

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gaining power one should not start the struggle against the opponent. Only when one knows that one has reached the pinnacle of power, that there is no further possible upward development, shall one strike. In Prussia we must gain another 10 seats and in the Reich proper another 33. That is not impossible if we throw in all our strength. Then only begins second action against Communism.

Now we stand before the last election. Regardless of the outcome there will be no retreat (RÜCKFALL), even if the coming election does not bring about a decision. One way or another, if the election does not decide, the decision must be brought about even by other means, (Eben auf einem anderen Weg fallen) I have intervened in order to give the people once more the chance to decide their fate by themselves. This determination is a strong asset for whatever must possibly happen later. Does the election bring no result, well, Germany won't go to ruin. Today, as never before, everyone is under the obligation to pledge himself to success. The necessity to make sacrifices has never been greater than now. For Economy I have the one wish that it go parallel with the internal structure to meet a calm future. The question of restoration of the WEHRMACHT will not be decided at Geneva, but in Germany, when we have gained internal strength through internal peace. There will, however, be no internal peace until Marxism is eliminated (ERLEDIGT). Here lies the decision which we must go to meet, hard as the struggle might be. I put my life into this struggle day after day as do all those who joined me in this struggle. There are only two possibilities, either to crowd back the opponent on constitutional grounds, and for this purpose once more this election, or a struggle will be conducted with other weapons, which may demand greater sacrifices. I would like to see them avoided. I hope the German people thus recognise the greatness of the hour. It shall decide over the next 10 or probably even 100 years. It will become a turning point in German history, to which I pledge myself with glowing energy.

GOERING:- He counted on it that with political appeasement, domestic economy will also quiet down. No experiments would be made. However, to attain the goal, all forces must be mustered on March 5th. Above all it is important to penetrate into the circles that are still disconcerted with Marxism and slumber uselessly in aggravation and bitterness. Most of the internal political obstacles have been removed after unity with the other groups of similar ideology was achieved under one plan. This present unity should be made deeper. No matter how the election comes out, the distribution of forces should remain the same. In the coming struggle everyone must perform in his own field. The German Nationals (DEUTSCHNAZIONALEN) will attack where successes can no longer be achieved by the National-Socialists. On the other hand the National-Socialists will be given a task which has no prospects for the others. Without doubt we must do the most work, for we must penetrate with our S.A. men into the darkest quarters of the cities and operate there from mouth to mouth and fight for every single soul.

GOERING considered to some extent the great dangers connected with this election battle. He then led over very cleverly to the necessity that other circles not taking part in this political battle should at least make the financial sacrifices so necessary at this time. These were so much more necessary because not even one penny of the taxpayers money would be asked for. Government funds would not be used. The sacrifices asked for surely would be so much easier for industry to bear if it realised that the election of March 5th will surely be the last one for the next ten years, probably even for the next hundred years.

CERTIFICATE OF TRANSLATION
OF DOCUMENT NO D-203

20 November 1945

I, LEO LOEB, civilian, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document D-203.

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LEO LOEB

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TRANSLATION OF DOCUMENT NO.PS-3505
OFFICE OF U.S. CHIEF OF COUNSEL

Walter Funk "A Life for the Economy" By Dr. P. Oestreich
Central Publishing House of the NSDAP, Franz Eher, succ.München
1941.

From the last paragraph p.77 to end of first paragraph p.73

The either or that has arisen out of these articles was no longer binding for Funk for quite some time. It was a concession to the tradition of the Boersen Zeitung to keep itself above the parties that advocated the national idea in one form or another It was the last concession he made in his association with the Boersen Zeitung. On 31 December 1930 he resigned and became a member of the party of Adolf Hitler.

Page 80. First six lines of first paragraph.

The Fuehrer had made up his mind already. Immediately after Funk's connection with the Borsen Zeitung on 31 December 1930 was severed, he appointed him a member of the Reich leadership of the party and chose him as his personal economic adviser. This was proof of his greatest confidence.

Page 81. Second paragraph.

It was for Funk not only a very honorable but also a very important duty to be advisor and special official to the Fuehrer and he served enthusiastically with all his power and knowledge. In 1931 he became a member of the Reichstag. The document of his activity at the time is: "Economic construction program of the NSDAP" which was formulated by him in the second half of the year 1932. It received the approval of Adolf Hitler and was declared binding for all Gau-leaders, speakers on the subject and Gau-advisers on the subject and others of the party.

Page 82. Last paragraph but one.

Funk at the time gave the party speakers the following fundamental sentences on their way. We have sufficient national capital in Germany. We can furthermore by working produce new capital. Therefore our people can live and develop. We can and must forego international capital, and we have furthermore the duty to liberate the German economy from the bonds of international capital. The German agriculture and the whole German economy can only be developed through the National State,

Only a Government which has the full confidence of the people can force through the necessary reconstruction of the German economy and can with ruthless consequence promote the national and socialistic principles which only the National Socialist movement of Adolf Hitler is calling its own.

Page 83, last paragraph.

No less important than Funk's accomplishments in the programmatic field in the years 1931 and 1932, was his activity at that time as the Fuehrers liaison man to the leading men of the German economy in industry, trade, commerce, and finance. On the basis of his past work his personal relations to the German economic leaders were broad and extensive. He was now able to enlist them in the service of Adolf Hitler, and not only to answer their questions authoritatively, but to convince them and win their backing for the Party. At that time, that was terribly important work. Every success achieved meant a moral, political, and economic strength-

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ening of the fighting force of the Party and contributed toward destroying the prejudice that National Socialism is merely a party of class hatred and class struggle.
The public sees or knows very little or nothing about such activities. But the Fuehrer has made it quite evident that he was well satisfied with Walter Funk in these two years of the decisive battle before the ascendancy to power. In the most convincing form probably at the moment of victory. When he received on the historic 30th January 1933 in the evening the jubilant demonstration of the masses, standing at the window of the shortly before occupied Reich Chancellory he had in the brightly lighted windows beside him his most loyal disciples and one of them was Walter Funk who had greeted the Fuehrer together with the then Secretary of the Reich Chancellory later the Reich Minister Dr. Lammers, at the entrance to the Reich Chancellory after the historic journey from the Kaiserhof to the Reich Chancellory in the afternoon of the 30th January 1933. In the late afternoon the first Cabinet Meeting took place under the Presidency of the Reich Chancellor Adolf Hitler at which Funk already participated as Press Chief of the Reich Government. Since then there has not been any meeting of the Cabinet at which Walter Funk did not participate first as Press Chief and Secretary of State, later as Reich Minister.

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The fact that Funk was appointed by the Fuehrer Press Chief of the Reich Government was not only in consideration that he was an experienced and shrewd jounalist who knew the press and newspaper business extremely well. It is certain that the decision of the Fuehrer was influenced also by the consideration that he saw Funk as the man suited for the daily report to Reich President von Hindenburg. In fact, Funk has discharged this duty, especially in the first months of Adolf Hitler's government, very successfully and with merit. The veteran General Field Marshall had confidence in his East Prussian countryman from the beginning.

Page 91, lines 25 to 27.

Many times the Fuehrer entrusted Funk with a special task at the Reich President.

Page 92, paragraph 2.

On 13 March 1933 the press department of the Reich Government with a small personnel of approximately 30 persons was incorporated into the Reich Ministry for Public Enlightenment and Propaganda, of which the propaganda leader of the party, Dr. Joseph Goebbels became Minister. Funk became his Under-Secretary. On this date there commenced a new and important part in the life of Walter Funk. His sphere of duties was multiplied even if the current importance of the position of Press Chief of the Reich Government may naturally diminish considerably behind the position of the new Minister for the press.

Page 93, second paragraph.

For almost five years Walter Funk has been the Under-Secretary of this Ministry and naturally has decisively influenced its organisation and work, In this task his singleness of purpose and his quiet considered judgment which were already proven when he built up the commerce section of the Berlin Boersen Zeitung was very useful to him. He knows how to organise without getting nervous and without making anybody nervous. But he had to accomplish besides quite a

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number of special duties which many times had a very strong economic colouring. In this way he became Vice President of the Reich Chamber for Culture, first member of the Senate for Culture Chairman of the Board of the Reich Broadcasting Company, the Publicity Council of the German economy, the Film Bank, the Berlin Philharmonic Orchestra and many other political, economic and social institutes. These were not only positions of honor but many times difficult and patient reconstruction work had to be done.

Page 94, last paragraph.

a) Besides Funk had as a special duty from his Ministry received the task to take care of the cultural life. In this position he organised quietly a tremendous concern which represented an investment of many hundreds of millions. In close co-operation with the Reich Leader of the press, Max Amann, the economic fundamentals of the German press were reconstructed according to the political necessities. The same took place in the film industry and in other cultural fields.
The very harmonious co-operation between the Minister Dr. Goebbels and his Under-Secretary which lasted almost five years, became visible before all the world in the success of the Ministry of which the influence and sphere of work grew from year to year.

Page 106, second paragraph.

The change from the peace economy to war economy which Funk had to accomplish in his capacity as Plenipotentiary for the Economy took place almost without a hitch. The methods of directing the economy which have proven so successful already during the last years of peace now proved themselves also in the war economy.

Page 106, last paragraph. last sentence.

The third task which was put up to the Reichsbank President Funk was accomplished through the new law concerning the Reichsbank of 15 June 1939.

Page 110. Second paragraph.

Adolf Hitler has done away with this Dawes Constitution by degrees the same as with many other shameful regulations of the enemies. He made the final decision when he gave the order to Reichsbank President Funk to organise the Reichsbank in accordance with National Socialist principles. He should continue the process that was commenced already by a law in 1937 of changing the status of the Reichsbank under the Dawes Plan as an institution which was partly excluded from the sovreignty of the German Reich to an institution which was completely and unconditionally under the sovreignty of the German Reich.
The draft which Funk transmitted to the Fuehrer was made a law by him on 15 June 1939.

Page111.

As one can see the new Reichsbank law has fully reconstituted the German sovreignty over the Reichsbank. But it has done another very important thing. It has done away with gold and gilt edged foreign exchange in its governing position concerning the question

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of covering the currency circulation. Gold must not be any more the decisive part of the cover which automatically governs the amount of the lawful circulation of notes but it can be used by the bank as a means to cover and there should be kept a certain amount for the regulation of the currency exchange with foreign countries and for the consolidation of the currency. Gold, therefore, is according to the new German Reichsbank law formally what it already was for a long time in fact, that is, the international means of clearing. For the internal use of the countries over the whole world it is hardly employed to any worth while extent. Paper money has taken its place but in Germany the State determines the value of the money and not international powers.

Certificate of Translation
of Document No. PS-3505

I, Leo Loeb, Civilian, hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a correct and true translation of Document No.PS-3505

Leo Loeb
civilian.

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TRANSLATION OF DOCUMENT 2962-PS
OFFICE OF U.S. CHIEF OF COUNSEL

. . .

v.A.v. Rk 2581[33]

Record
of the Ministers' Conference
of 15 March 1933, 6:30 PM
in the Reich Chancellery

Distribution

1) Secret, to the attention of the State Secretary. (Staatssekretaer).
2) respectfully submitted to the special advisers (Referenten).
3) respectfully submitted to Ministerial Amtmann Buesch.
4) to the files.

(Several illegible notations)

Present:

Reich Chancellor	Hitler
Deputy of the Reich Chancellor and Reich Commissioner for Prussia	von Papen
Reich Minister for Foreign Affairs	Baron von Neurath
Reich Minister of the Interior	Dr. Frick
Reich Minister of Finance	Count Schwerin von Krosigk
Reich Minister of Economics and Reich Minister for Nutrition and Agriculture	Dr. Hugenberg
Reich Minister of Labor	Seldte
For the Reich Minister of Justice	Dr. Guertner: State Secretary Dr. Schlegelberger
Reich Minister of Defense	von Blomberg
Reich Postal Minister and Reich Minister of Communications	Baron von Eltz-Ruebenach
Reich Minister for Popular Enlightenment and Propaganda	Dr. Goebbels
Reich Minister without portfolio, Reich Commissioner for Aviation	Goering
Reich Commissioner, Reich Minister, retired	Dr. Popitz
Reich Commissioner for Labor Procurement	Dr. Gereke

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State Secretary in the Reich Chancellery — Dr. Lammers

State Secretary in the office of the Reich President — Dr. Meissner

Reich Press Chief: State Secretary — Funk

Recorder: Ministerial Counselor (Ministerialrat) Wienstein, points 1-3

Senior Government Counselor (Oberregierungsrat) Killy for points 4-7

Page 2 Subjects Under Discussion

Rk 2582[33] (1) Political situation
Not on the agenda:

Rk 2583[33] (2) Report of the State Secretary in the Reich Chancellery re: the Reich Center for Home Service (Reichszentrale fuer Heimatdienst),

(in pencil) Rk 2584[33]
Rk 2155[33] (3) Punishment and trial of the perpetrators involved in the burning of the Reichstag

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Rk 2585[33] (4) Work-week in Reich Railway maintenance (Not included in the agenda)

Rk 2586[33] (5) Draft of an emergency decree on the Reich Institute (Reichsanstalt) for Employment Service and Unemployment insurance.

Rk 2587[33] (6) Discussions of financial policies.

Rk 2588[33] (7) Suspension of the wage premium.

(in pencil)

. . . . . .

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H1231 - 0040

1) Political Situation

The Reich Chancellor opened the session and stated that the political situation was completely clarified now that the elections of the municipal councils had taken place.

The clarification of the relations between the Reich and the south German lands was of decisive importance, especially that of the relationship
age 3 between the Reich and Bavaria. The Reich idea (Reichsgedanke) had shown itself surprisingly strong everywhere. The revolution in Bavaria was perhaps the most thorough one. In his opinion, further internal political developments would progress without disturbance. In Wuerttemberg a government had already been formed. In Bavaria it was still necessary to clarify certain seperatist activities. For this reason it would, in his opinion, be practical to wait a while with the formation of a government in Bavaria. The national revolution had taken place without great upheavals. He stated that henceforth, it would be necessary to detour all activities of the people towards the purely political, because economic decisions had to be awaited.

In his opinion there would be no difficulties in getting the Enabling Act (Ermaechtigungsgesetz) through the Reichstag with a two-thirds majority.

The foreign political situation had in no way become worse. He was firmly convinced that foreign countries would take a totally different attitude towards the present Reich government than to the former ones, that is, they would treat it with greater respect.

The situation in Austria could not yet be surveyed clearly. As long as the political center of gravity was in Vienna, France would always be able to assert a strong influence.

age 4 The Reich Minister of the Interior gave the information that he had attended the session of the Reichstag Committee of Oldest Members (Aeltestenrat). The five Reichstag parties still existing were all represented, namely the National Socialists by Reich Minister Goering and himself, the Social Democrats by Loebe and Hertz, the Central Party by Leicht and Rauch. The German National Party was also represented. Immediate agreement was reached that a seniority president was not necessary and that Reichstag President Goering should preside over the sessions of the new Reichstag.

He, the Reich Minister of the Interior, had pointed out that the Reichstag ought to pass within three days an Enabling Act with the majority necessary to change the constitution. The Central Party (Zentrum) had not expressed any objection. Representative Esser had however asked to be received by the Reich Chancellor.

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There still remained the question of what should happen to the drafts of bills not presented, which ought to be supported by the present administration, and formerly had already been presented to the Reichstag. In his opinion it was best, in consideration of the Enabling Act not to present the list to the Reich Council and the Reichstag, but to pass the list later on the basis of the Enabling Act.

Page 5 The Enabling Act would have to be so broadly framed that every provision of the German constitution could be side-tracked. It would have to have a time limit of four years for the time being. He, the Reich Minister of the Interior had in mind something like the following text for the law:

"The Reich administration shall be enabled to take such measures as it deems necessary in view of the needs of the people and State. In doing so the provisions of the Reich constitution can be waived."

It was still to be determined if an addition to the content would be practical, according to which the validity of the Enabling Act (Ermaechtigungsgesetz) would depend on the present composition of the Reich government.

As regards the two-third majorities demanded by the Reich constitution, altogether 432 representatives would have to be present to pass the Enabling Act, with the communists included and the number of elected Reichstag representatives assumed to be 647. If the Communist representatives are deducted the total number of representatives would have to be present in order to pass the Enabling Act. He believed it better not to eliminate the Communist mandates. On the other hand, prohibition of the Communist Party would be practical. The prohibition would result in dissolution of the organizations. Eventually all the persons who would still insist

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on professing communism would have to be sent to labor camps.

Reich Minister Goering expressed his conviction that the Enabling Act would be passed with the necessary two-thirds majority. Possibly a majority could be obtained by banishing several Social Democrats from the hall. Possibly the Social Democrats would even refrain from voting on the Enabling Act. At the election of the President of the Reichstag the Social Democrats would certainly hand in blank slips.

The Reich Chancellor declared it necessary to set a period of time for turning in explosives. In the course of the past few years about 3,000 hundredweight (Zentner) of explosives had been stolen; only 300 hundredweight were turned in again.

The Reich government would have to announce that it did not intend to eliminate the Reichstag. He, the Reich Chancellor intended to emphasize this in his government declaration.

The deputy of the Reich Chancellor and Reich Commissioner for Prussia (Land Preussen) stated that it was of decisive importance to coordinate into the new state the masses standing behind the parties. The question of the incorporation of political Catholicism into the new state

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was of particular importance. Perhaps the parties could be informed in every case about the measures intended to be taken by the Reich government.

The question of the flag would best be settled by a law to be passed by the Reichstag and not on the basis of the Enabling Act (Ermaechtigungsgesetz).

The Reich Minister of Foreign Affairs also emphasized the nessessity of regulating the flag question through the Reichstag. In addition he brought up the question if it would not be more practical to have international treaties also passed on by the Reichstag. Perhaps the procedure could be limited to transmission to the Reichstag of only a list of the treaties to be passed.

The Reich Minister of the Interior urgently advised against such procedure because the Reichstag would enter into a never-ending debate on the content of the treaties.

The Reich Minister for Foreign Affairs declared that he thought the suspicions of the Reich Minister of the Interior were justified.

The Reich Minister of Economics and Reich Minister for Nutrition and Agriculture brought up the question, if it was considered that the Reich President should have a hand in the laws which would be decreed by the Reich government on the basis of the Enabling Act.

State Secretary (Staatssekretaer) Dr. Meissner replied that the assistance of the Reich president was not necessary; the Reich president would not demand it. Yet,

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it might perhaps be practical if the authority of the Reich president would be brought into play in the case of some laws of special importance.

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Furhtermore, State secretary Dr. Meissner pointed out that there were still in the Reichstag some factors dangerous to the acceptance of the Enabling Act.

The Reich Chancellor declared that he definitely hoped to overcome any difficulties existing in the Reich Council (Reichsrat).

The Reich Minister of Finance stated that it was necessary to submit a special Credit Enabling Act to the Reichstag.

Reich Commissioner, Reich Minister, retired, Dr. Popitz suggested the following supplement to the Enabling Act: The regulations decreed on the basis of the Enabling Act shall be regarded as a law in the sense of the Reich constitution, especially in the sense of the article of the constitution in regard to the budget plan (Haushaltplan) and the credit authorization (Kreditermaechtigungsgesetz)".

The Reich Minister of Finance further stated that it would be practical to set up a special commission, perhaps consisting of representatives of the Reich Ministry of the Interior, the Reich Ministry of Finance, the Prussian Ministry of Finance, to make a list of such measures which would have to be passed first, on the basis of the Enabling Act.

Page 9 The Reich Chancellor declared that this proposition was very practical.

2) Report of the State Secretary (Staatssekretaer) in the Reich Chancellery as regards the Reich Center for Home Service (Reichzentrale fuer Haimatdienst).

The State Secretary in the Reich Chancellery set forth that the Reich Center for Home Service had become superfluous as a result of the establishment of the Reich Ministry for Popular Enlightenment and Propaganda. He read the enclosed draft of a decree for the dissolution of the Reich Center for Home Service and gave a more detailed report on the composition of the central leadership (Zentralleitung) and the state branches (Landesabteilungen) of the Reich Center for Home Service.

The Cabinet took note of this.

3) Punishment and trial of the perpetrators involved in the burning of the Reichstag.

State Secretary (Staatssekretaer) Dr. Schlegelberger called attention to the opinions rendered on the above mentioned matter by the Reich Ministry of Justice (Reichsjustizministerium). He informed that the interrogator, Reichsregierungsrat Vogt, had discussed with them the status of the investigation of the burning of the Reichstag. According to inquiries so far, there was strong suspicion to van der Lubbe was not the only perpetrator. Among others a Swiss, a Bulgarian and another Dutchman had been arrested. Reichsgerichtsrat Vogt was entirely equal to the task.

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State Secretary (Staatssekretaer) Dr. Meissner pointed out that the Reich Chancellor still had insurmountable doubts about issuing a decree to fix the death sentence for the burning of the Reichstag. Perhaps the Reich government could issue such a regulation on the basis of the Enabling Act.

The Reich Chancellor replied that the issue of such a regulation was definitely in order.

For the transcript
points 1 - 3
(signed) Wienstein 13/3

4) Work week for Reich Railroad Maintenance. (not included in the agenda).

The Reich Minister of Labor set forth that for permanent railroad workers the 48 hour week would be in effect also during the summer, and for the temporary workers who were to be employed, the 40 hour week.

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CERTIFICATE OF TRANSLATION
OF DOCUMENT No.2962-PS

I, WANDA S. TIESZEN, X, 046 265, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No.2962-PS.

WANDA S. TIESZEN
X, 046 265

H1231 - 0045

Exhibit USA 656 Filed Jan. 11, 1946

TRANSLATION OF DOCUMENT 2963-PS
OFFICE OF US CHIEF OF COUNSEL

V. A. V. RK 2711 - 33

Record of the Ministers' Conference on Monday, 20 March 1933, at 11:15 AM in the Reich Chancellery

Distribution
(1) Secret, to the attention of the State Secretary
(2) Respectfully submitted to the special advisers (Referenten)
(3) Respectfully submitted to Ministerial Amtmann Buesch-
(4) to the files
(several illegible notations)

Present:

Reich Chancellor	Hitler
Deputy of the Reich Chancellor and Reich Commissioner for Prussia	von Papen
Reich Minister for Foreign Affairs	Baron von Neurath
Reich Minister of the Interior	Dr. Frick
Reich Minister of Finance	Count Schwerin von Krosigk
Reich Minister of Economics and Reich Minister for Nutrition and Agriculture	Dr. Hugenberg
Reich Minister of Labor	Seldte
for the Reich Minister of Justice	Dr. Guertner; State Secretary Dr. Schlegelberger
Reich Minister of Defense	von Blomberg
Reich Postal Minister and Reich Minister of Communications	Baron von Eltz-Ruebenach
Reich Minister for Popular Enlightenment and Propaganda	Dr. Goebbels
Reich Minister without Portfolio, Reich Commissioner for Aviation	Goering
Reich Commissioner, Reich Minister Retired	Dr. Popitz
Reich Commissioner for Labor Procurement	Dr. Gereke
State Secretary in the Reich Chancellery	Dr. Lammers
State Secretary in the Office of the Reich President	Dr. Meissner

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Reich Press Chief:

State Secretary Funk

Recorder : Ministerial Counselor

(Ministerialrat) Wienstein

Further: Senior Government Counselors

(Oberregierungsraete) Dr. Willuhn
Dr. Killy

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Subjects Under Discussion

RK 2712 - 33 (1) Enabling Act (Ermaechtigungsgesetz)

RK 2592

RK 2713 - 33 (2) Not on the agenda: Personnel questions

RK 2714 - 33 (3) Not on the agenda: Flags for official motor vehicles

RK 2715 - 33 (4) Not on the agenda: Participation in the opening session of the Reichstag on 21 March 1933, at 5:00 PM.

RK 2716 - 33 (5) Not on the agenda: Communications from Reich Minister Goering.

Page 3

(1) Enabling Act

The Reich Chancellor reported on the interview which he had just had with representatives of the Center Party. He explained that in this interview he had established the necessity for the Enabling Act and that the representatives of the Center Party had recognized this necessity. The representatives of the Center Party had only asked that a small committee be formed which was to be continuously informed about the measures which the Reich government would take on the basis of the Enabling Act. In his opinion this request should be granted; then there would be no doubt that the Center Party would agree to the Enabling Act. The acceptance of the Enabling Act by the Center Party would mean a strengthening of prestige abroad.

On Wednesday the discussion of individual concrete questions with representatives of the Center Party was to be continued.

The Reich Minister for Foreign Affairs suggested that written notes be made of the settlements arrived at with the representatives of the Center Party.

The Reich Minister of the Interior then presented the contents of the accompanying bill to relieve the distress of the people and of the Reich. He said that in his opinion it would be most practical to introduce the bill as an initial motion in the Reichstag. It would be best if the Party Leaders should sign it.

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A change in the parliamentary procedure of the Reichstag was also considered necessary. A specific ruling would have to be made that even those Reichstag members who were absent without being excused would be counted as present. Presumably it would be possible to pass the Enabling Act in all of the three readings (translator's note: required for the passing of a law by the Reichstag) on Thursday.

The deputy of the Reich Chancellor and Reich Commissioner for Prussia stated that a new basic state law would have to be formulated, which would above all be free of exaggerated parliamentarism. Perhaps the Reich Chancellor in his government statement (Regierungserklaerung) would be able to make some statements to this effect.

The Reich Chancellor said that he had already made clear to the representatives of the Center Party that the Reichstag could become a national assembly when the advance work for the outline of a new Reich constitution should be ready.

The Reich Minister of Economics and Reich Minister for Nutrition and Agriculture stated that the proposed Enabling Act could perhaps have a passage inserted, specifically declaring the Reichstag to be a national assembly.

Page 5-6 Reich Minister Goering declared that he had made an intensive study of this question. He considered it more practical, however, that such a form should not be chosen.

The Reich Cabinet approved the drafting of a law to relieve the distress of the people and the nation, in the accompanying form.

(2) Not on the agenda: Personnel Questions.

The State Secretary in the Reich Chancellery declared that the posts of three ministerial counselors would be vacant in the Reich Chancellery after 1 April 1933 due to the temporary retirement of the present holders of the posts. He requested the consent of the Reich Cabinet to the proposal to suggest to the Reich president the appointment of Dr. Killuhn, hitherto senior government counselor (Oberregierungsrat) in the Reich Ministry of Economics, and Dr. Killy, hitherto senior government counselor in the Reich Ministry of Finance, as ministerial counselors. He added that an agreement had been reached with the Reich Ministry of the Interior concerning questions of civil service law (#3 of the appendix to the circular letter of the Reich Minister of the Interior of 19 April 1921- I B 2942/2nd supplement) and with the Reich Ministry of Finance concerning questions of budget rulings.

The Reich Cabinet approved the proposal.

(3) Not on the agenda: Flags for official motor vehicles.

The State Secretary in the Reich Chancellery declared that it was questionable how flags should be displayed on official motor vehicles.
Page 7 Perhaps it might be practical to display the black, white, and red flag on the right and the swastika flag on the left.

The Reich Chancellor advocated the viewpoint that for reasons of safety it would be most practical not to have any flags on official motor vehicles at all. Besides, it would not be possible to make the necessary technical preparations by tomorrow.

No opposition to the declaration of the Reich Chancellor was voiced.

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(4) Not on the agenda: Participation in the opening session of the Reichstag on 21 March 1933 at 5 PM.

The State Secretary in the Reich Chancellery raised the question of whether Ministers who are not deputies should participate in the opening session of the Reichstag on 21 March. In his opinion only such Ministers as are also deputies should participate in the session because it is the constituting session of the new parliament.

The Reich Cabinet agreed to this point of view.

(5) Not on the agenda: Communications of Reich Minister Goering.

Reich Minister Goering reported that he had been compelled to deprive Brigadier General von Bredow (retired) of his passport. v. Bredow had recently been in Paris and had given the visit of Ambassador Koester as
Page 8 the reason for his trip. He, Reich Minister Goering, had learned that von Bredow had obtained letters of recommendation to the general staff officers of the French and Belgian armies from the French Ambassador and the Belgian Minister in Berlin. Circles close to Bredow had spread the rumor that they wanted, in contrast to the Hitler Cabinet, to solve the German - French problems peaceably. Evidently these circles wanted to overthrow the Hitler Cabinet through difficulties in foreign policy.

The Reich Minister of Defense declared that he had known nothing of these plans. In his opinion the matter should be prosecuted with all possible energy.

Reich Minister Goering reported further that he had ordered the SA men to act with great reserve, especially at the Polish border. He had directed that the SA men should not appear in uniform in the border territories.

The Reich Minister for Foreign Affairs recommended greatest reserve on the part of the SA, especially in Danzig.

Moreover, he pointed out that Communists were repeatedly being caught in SA uniforms. These spies must absolutely be hanged. The law would have to find ways and means to make so exemplary a punishment for Communist spies possible.

For the record:

(Signed:) Lienstein 22/3.

CERTIFICATE OF TRANSLATION
OF DOCUMENT 2963-PS.

December 13th, 1945.

I, VIRGINIA VON SCHON X 046 318, hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a true and correct translation of the document 2963-PS.

VIRGINIA VON SCHON

X 046 318.

46

H1231 - 0049

Exhibit 41a 657 Filed Jan. 11, 1946

TRANSLATION OF DOCUMENT NO.3501-PS
OFFICE OF U.S. CHIEF OF COUNSEL

I, MAX AMANN, after having been duly sworn, do hereby state as follows:

1. Since 1933, when the Nazi Party came into power in Germany, I held the position of Reich Leader of the Press (Reichsleiter fuer die Presse) and President of the Reich Press Chamber (Reichspresse-kammer). In carrying out my duties and responsibilities, I became familiar with the operations and the organisation of the Reich Ministry of Propaganda and Enlightenment.

2. Walther FUNK was the practical minister of the Ministry of Propaganda and Enlightenment and managed the Ministry. FUNK was the soul of the Ministry, and without him GOEBBELS could not have built it up. GOEBBELS once stated to me that FUNK was his "most effective man". FUNK exercised comprehensive control over all of the media of expression in Germany; over the press, the theater, radio and music. As Press Chief of the Reich Government and subsequently as Under Secretary of the Ministry, FUNK held daily meetings with the Fuehrer and a daily press conference in the course of which he issued the directives governing the materials to be published by the German press.

3. I have read, I fully understand and I fully subscribe to, the foregoing statement.

MAX AMANN

SWORN BEFORE ME THIS 19TH
DAY OF DECEMBER 1945.

THOMAS S. HINKEL
Lt. Col. IGD.

CERTIFICATE OF TRANSLATION
OF DOCUMENT 3501-PS

7 January 1946.

I, LEO LOEB, Civilian, hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a true and correct translation of Document 3501-PS.

LEO LOEB.

47

PARTIAL TRANSLATION OF DOC.3566-PS
OFFICE OF U.S. CHIEF OF COUNSEL

Dated 31st December, 1945.

STATUTORY DECLARATION* by Mrs. Olga Abrahams.

I, OLGA ABRAHAMS, of Bush House, Aldwych in the County of Westminster, married woman, solemnly and sincerely declare as follows:

1. I am and have for some time been employed by the Political Intelligence Department of the Foreign Office of Bush House, Aldwych, aforesaid.

2. On the nineteenth day of July 1945 I caused a copy (Reference No. P.I.D. Document Section A.10) to be made of extracts from the German file entitled SD Hauptamt Abteilung Rundfunk.

3. The copy of the said extracts which is annexed hereto and marked A is a true copy.

4. The said file was obtained on loan from the Military Intelligence Research Section of the War Office, 40 Hyde Park Gate in the County of London in July 1945 and was returned to them in the same month.

I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1835.

Dated this thirty first day of December 1945

(signed) OLGA ABRAHAMS

Before me: (Signed) S.H. PITT
Commissioner for Oaths.

. . . . . .

Middle of p.4. of Exhibit . . . . . .The most serious objections exist here against Glasmeier, which have already been stated in a report to RFSS. His appointment to the position of General Manager would make the chaos in the broadcasting even worse. A failure of Glasmeier (Handwritten note: Letter to be addressed to RFSS when such failure has materialized), which must be expected as absolutely certain, would amount to a serious encroachment upon the reputation of the SS.

(Signed) SIGISMUND
SS - Scharfuehrer

26.2.37.

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3)
II 21

P.A.....
V.A.....
S.A.....

NOTE FOR FILES

Subject: General Manager of the German Broadcasting.

On 27 February 1937 Reg. Rat Weinbrenner was asked whether anything is known to him with respect to the planned office of General Manager of the German Broadcasting.

Weinbrenner made the following statement:

The probability that a General Manager would be named is very great. For approximately 14 days all the work of the department

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* The original of this Declaration is in the English language.

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handling broadcasting in the Propaganda Ministry is practically at a standstill, which fact is clearly indicative of changes which are under way.

However, he stated, it is almost impossible to determine whom the Minister would name General Manager, since Dr. Goebbels reaches most of the important decisions only by agreement with Under-Secretary Funk. In most instances the fact is that the fact is that the department handling the matter makes suggestions, but that it thereupon does not hear anything for a considerable time as to the status of the matter until some day all of a sudden a change would be made by a direct order of the Minister and everybody would be of the opinion that the Minister alone handled the matter.

TRANSLATION OF DOCUMENT 3566-PS
(contd.)

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Page 5 of the Exhibit.

It was not known to Weinbrenner that Stueber and Glasmeier had been ordered to see Under-Secretary Funk. He, therefore, did not know anything as to the result of these conversations. In conclusion, it should be stated that information as to the appointment of a General Manager most probably can here be obtained only when Dr. Goebbels has already reached a decision and there are no longer any possibilities to express any doubts or to submit proposals to the RFSS.

(Signed) Sigismund

1.3.37. II 2145

NOTE FOR THE FILES

Subject: General Manager of the German Broadcasting.

Reg. Rat Winbrenner, Propaganda Ministry, advises that on 1.2.37 Glasmeier already had the second interview with Under-Secretary Funk. It is also stated that he negotiated with Dr. Goebbels during the latter's stay in Cologne.

Glasmeier thus seems to be considered increasingly seriously as a candidate for the possible position of a General Manager.

(Signed) Sigismund

2.3.37. II 2145

CERTIFICATE OF TRANSLATION
OF DOCUMENT NO. PS-3566

3 January 1946.

I, LEO LOEB, civilian, hereby certify that I am thoroughly conversant with the German and English languages and that the above is a true and correct partial translation of Document No. PS-3566.

LEO LOEB
Civilian

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1816-PS

STENOGRAPHIC REPORT

OF THE MEETING ON "THE JEWISH QUESTION"

UNDER THE CHAIRMANSHIP OF FIELD MARSHALL

GOERING

IN THE REICHS AIR FORCE

(12 November 1938--11 O'clock.)

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Stenographic Report on a part of the Conference on the Jewish Question under the presidency of Fieldmarshall Goering at the Reich Ministry for Air on 12 November 1938--11 O'clock.

Goering: Gentlemen! Today's meeting is of a decisive nature. I have received a letter written on the Fuehrer's orders by the Stabsleiter of the Fuehrer's deputy Borman, requesting that the Jewish question be now, once and for all, coordinated and solved one way or another. And yesterday once again did the Fuehrer request by phone for me to take coordinated action in the matter.

Since the problem is mainly an economic one, it is from the economic angle that it shall have to be tackled. Naturally a number of legal measures shall have to be taken which fall into the sphere of the Minister for Justice and into that of the Minister of the Interior; and certain propaganda measures shall be taken care of by the office of the Minister for Propaganda. The Minister for Finance and the Minister for Economic Affairs shall take care of problems falling into their respective resorts.

In the meeting, in which we first talked about this question and came to the decision to aryanize German economy, to take the Jew out of it, and put him into our debit ledger, was one in which, to our shame, we only made pretty plans, which were executed very slowly. We then had a demonstration, eight here in Berlin, we told the people that something decisive would be done, but again nothing happened. We have had this affair in Paris now, more demonstrations followed and this time something decisive must be done!

Because, Gentlemen, I have enough of these demonstrations! They don't harm the Jew but me, who is the last authority for coordinating the German Economy.

If today, a Jewish shop is destroyed, if goods are thrown into the street, the insurance company will pay for the damages, which the Jew does not even have-; and furthermore goods of the consumer goods belonging to the people, are destroyed. If in the future, demonstrations which are necessary, occur, then, I pray, that they be directed, so as not to hurt us.

Because it's insane, to clean out and burn a Jewish warehouse then have a German insurance company make good the loss. And the goods which I need desperately, whole bales of clothing and what not, are being burned; and I miss them everywhere.

I may as well burn the raw materiels before they arrive. The people of course, do not understand that; therefore we must make laws which will show the people once and for all, that something is being done.

I should appreciate it very much if for once, our propaganda would make it clear that it is unfortunately not the Jew who has to suffer in all this but the German Insurance Companies.

I am not going to tolerate a situation in which the Insurance Companies are the ones who suffer. Under the authority invested in me, I shall issue a decree, and I am, of course, requesting the support of the competent Government Agencies, so that everything shall be processed through the right channels, and the Insurance Companies will not be the ones who suffer.

It may be, though, that these Insurance Companies may have insurance in Foreign countries- If that is the case, foreign bills of exchange would be available which I would not want to lose. That shall have to be checked. For that reason, I have asked Mr. HILGARD of the Insurance company, to attend, since he is best qualified to tell us to what extent the insurance companies are protected against damage, by having taken out insurance with other companies. I would not want to miss this, under any circumstances.

I should not want to leave any doubt, Gentlemen, as to the aim of today's meeting. We have not come together merely to talk again but to make decisions, and I implore the competent agencies to take all measures for the elimination of the Jew from German economy and to submit them to me, as far as it is necessary.

The fundamental idea in this program of elimination of the Jew from German Economy is first, the Jew being ejected from the Economy transfers his property to the State. He will be compensated

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The compensation is to be listed in the debit ledger and shall bring a certain percentage of interest. The Jew shall have to live out of this interest. It is a foregone conclusion, that this aryanizing, if it is to be done quickly, cannot be made in the Ministry for Economy in Berlin. That way, we would never finish.

On the other hand, it is very necessary to have safety precautions so that the lower echelons, Stassholser, and Gauleitern will not do things unreasonably. One must issue correction directives, immediately.

The Aryanizing of all the larger establishments, naturally, is to be my lot,-the ministry for economy will designate, which and how many there are-; it must not be done by a Statthalter or his lower echelons, since these things reach into the export trade, and cause great problems, which the Statthalter can neither observe, nor solve from his place.

It is my lot, so that the damage will not be greater than the profit, which we are striving for.

It is obvious, Gentlemen, that the Jewish stores are for the people, and not the stores. Therefore, we must begin here, according to the rules previously layed down.

The Minister for Economic Affairs shall announce which stores he'll want to close altogether. These stores are excluded from aryanizing at once. Their stocks are to be made available for sale in other stores; what cannot be sold, shall be processed through the "Winterhilfe" or taken care of otherwise. However, the sales values of these articles shall always be considered, since the State is not to suffer but should profit through this transformation. For the Chain and Department Stores- I speak now only of that, what can be seen, certain categories have to be established, according to the importance of the various branches.

The trustee of the State will estimate the value of the property and decide what amount the Jew shall receive. Naturally, this amount is to be set as low as possible. The representative of the State shall then turn the establishment over to the "ARian" proprietor, that is, the property shall be sold according to its real value.

There begins the difficulties. It is easily understood that strong attempt will be made to get all these stores to Party-members and to let them have some kind of compensations. I have witnessed terrible things in the past; little chauffeurs of Gauleiters have profited so much by these transactions that they have now about half a million. You, Gentlemen, know it. Is that correct?

(Assent)

Of course, things like that are impossible. I shall not hesitate to act ruthlessly in any case where such a trick is played. If the individual involved is prominent, I shall see the Fuehrer within two hours and report to him.

We shall have to insist upon it, that the Arian taking over the establishment is of the branch and knows his job. Generally speaking he is the one who must pay for the store with his own money. In other words, an ordinary business-transaction is to be sought-one merchant selling, the other one buying a business. If there are party members among the contenders, they are to be preferred, that is if they have the same qualifications: first shall come the one who had the most damage, and secondly, selection should be according to length of Party membership.

Of course, there may be exceptions. There are party-members who, as may be proven, lost their business concessions by action of the Schuschnigg or Prague Government, and so went bankrupt. Such a man has naturally first option on a store for sale, and he shall receive help if he does not have the means to help himself. The trustee of the State can justify this help, if he is more business like in the transfer. This party-member should have the chance to buy the store for as cheap a price as possible. In such a case the state will not receive the full price, but only the amount the Jew received. Such a buyer may even receive a loan, besides, so that he will get off to a good start.

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I wish to make it clear that such a proceeding shall only be legal if the Party-member has once owned such a store. For example, a Party-member was the owner of a Stationary store, and Schuschnigg took away the concession to operate it so that the man lost the store and went bankrupt. Now, if a Jewish Stationary store is being aryanized, this party-member should get the store on conditions whixh he'll be able to fulfil. Such a case shall be the only exception though, in all other cases the procedure shall be of a strictly business-like nature whereby the Party-member, like I said before, shall have the preference, if he has the same qualifications as any other candidate, who is not a member of the party.

When selling for the actual value we shall find only about 60 Arians ready to take over 100 Jewish stores. I don't think that we have a German for every Jewish store. You must not forget that the Jew sees his main activity in the field of trade, and that he owns 90% of it. I doubt that we'd have a demand big enough. I even doubt that we'd have enough people, particularly now since everybody has found his field of work.

Therefore, I ask the Minister for Economy to go beyond what we think ought to be done for the sake of the principle, in liquidating the establishments-I ask him to go further, even though there won't be any candidates. That'll be perfectly alright.

The transfer of stores and establishments shall have to be executed by the lower echelons, not through Berlin but through the Gaue and through the Reichstatthalterschaft. Therein shall be the seat of the members of the Board of Trustees, even if it consists of a few people only. The Statthalter and his people cannot do this job; the trustees will have to tackle it. But the Statthalter shall be the authority which supervises, according to the regulations given him, the Trustees, particularly in dealings such as the transfer to Party-members.

Naturally, these establishments cannot disappear all at once but we'll have to start by Monday, in a manner that shall make it obvious that a change has begun to materialize. Besides that, certain stores could be closed which will make things here easier.

Another point! I have noticed that Arians took over a Jewish store and were then so clever to keep the name of the Jewish store as "formerly", or kept it altogether. That must not be; I can no permit it. Because it may happen-what has just happened-stores were looted because their sign-boards bore Jewish names-because they had once been Jewish, but had been "aryanized" a long time ago. Names of former Jewish firms shall have to disappear completely, and the German shall have to come forward with this or his firm's name. I ask you to carry this out quite definitely. That much then regarding aryanizing of stores and wholesale establishments, particularly in regards to sign-boards and of all that is obvious!

Of the consequences resulting from this for the Jew, I shall speak later, because this is connected with other things.

Now for the factories. As for the smaller and medium ones, two things shall have to be made clear.

1) Which factories do I not need at all, which are the ones where productions could be suspended? Could they not be putto another use? If not, the factories will be razed immediately.
2) In case the factory should be needed, it will be turned over to Arians in the same manner as the Stores. All these measures have to be taken quickly, since Arian employees are concerned everywhere. I'd like to say right now that Arian employees shall have to be given employment immediately after the Jewish factory is closed. Considering the amount of labor we need these days, it should be a trifle to keep these people, even in their own branches.
As I have just said; if the factory is necessary, it will be aryanized. If there is no need for it, it being abandoned shall be part of the procedure of transforming establishments not essential, for our national

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welfare into one that is essential for it,-a procedure that shall take place within the next few weeks. For it, I shall still need very much space and very many factories.

If such a factory is to be transformed or razed, the first thing to be done is check the equipment. The questions arising will be: Where can this equipment be used? Could it be used after the place is transformed? Where else might it be needed badly? Where could the machinery be set up again? It follows that aryanizing factories will be an even more difficult task than the aryanizing of stores.

Take now the larger factories which are run solely by a Jewish owner, without control by a Board of Directors; or take corporations where the Jew might be in the Supervisory Council or Board of Directors. There the solution is very simple: the factory can be compensated in the same manner as in the sale of stores and factories; that is, at a rate which we shall determine, and the trustee shall take over the Jew's interest as well as his shares, which he in turn may sell or transfer to the State, which will then dispose of them. So, if I have a big factory, which belonged to a Jew or a Jewish corporation, and the Jew leaves, perhaps with his sons who were employed there, the factory will still continue to operate. Maybe a director will have to be appointed because the Jew has run the factory himself. But otherwise, particularly if the maintenance of the establishment is very essential everything will run smoothly.

Everything is very simple. I now have his shares. I may give them to some Arian or to another group or I may keep them. The State takes them over and offers them at the stock market, if they are acceptable there and if it so desires, or it makes use of them in some other way.

Now, I shall talk of the very big establishments, those in which the Jew is in the Board of Directors, in which he holds shares etc, and so is either the owner or one of the co-owners; in any case in which he is greatly interested. There too, things are comparatively simple; he delivers all of his shares which shall be bought at a price fixed by the trustee. So the Jew gets into the account book. The shares shall be handled like I've just explained. These cases can not be taken care of by the Gaue and Reichsstatthalter, but only by us here on top; because we are the only ones to decide where these factories are to be transferred to, how they may be affiliated with other establishments or to what an extent the State shall keep them or hand them over to another establishment belonging to the State. All this can only be decided here. Of course, will the Gauleiter and Statthalter be to glad to get hold of the shares, and they'll make great promises to beautify our capital cities etc. I know it all! It won't go! We must agree on a clear action that shall be profitable to the Reich.

The same procedure shall be applied where the Jew has a share in, or owns property of German Economy. I am not competent enough to tell off hand in what forms that might be the case, and to what an extent he'll have to lose it. Anyway, the Jew must be evicted pretty fast from German Economy.

Now, the foreign Jews. There we'll have to make distinctions between the Jews who have always been foreigners,-and who shall have to be treated according to the laws we arranged with their respective countries. But regarding those Jews who were Germans, have always lived in Germany and have acquired foreign citizenship during the last year, only because they wanted to play safe I ask you not to give them any consideration. We'll finish with these. Or have you any misgivings? We shall try to induce them through slight and then through stronger pressure and through clever manoevering,-to let themselves be pushed out voluntarily.

Woermann: I'd like the Foreign Office to be included, since a generally valid decision could hardly be made

Goering: We cannot consult you in every case,-but on the whole we will.

Woermann: Anyway, I'd like to make known the claim of the Foreign Office to participate. One never knows what steps may become necessary.

Goering: Only for important cases! I do not like to take this category under special consideration. I have learned only now to what extent that has been done, particularly in Austria and Checkoslovakia. If somebody was a Check in Sudetenland, we do not have to consider him at all, and the Foreign Office doesn't have to be consulted because that person now belongs to us. And in Austria and also in Sudetenland, too many become all of a sudden Englishmen or Americans or what not -and generally speaking we cannot consider that a great deal.

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(PART II IS MISSING)

(Part III)

Funk: That is quite a decisive question for us: should the Jewish stores be re-opened?

Goebbels: If they will be re-opened is another question. The question is will they be restored? I have set the dead line for Monday.

Goering: You don't have to ask whether they'll be re-opened. That is up to us to decide.

Goebbels: Number 2. In almost all German cities synagogues are burned. Now, various possibilities exist to utilize the space where the synagogues stood. Some cities want to build parks in their places, others want to put up new buildings.

Goering: How many synagogues were actually burned?

Heydrich: Altogether there are 101 synagogues destroyed by fire, 76 synagogues demolished, and 7,500 stores ruined in the Reich.

Goering: What do you mean "destroyed by fire"

Heydrich: Partly, they are razed, and partly gutted.

Goebbels: I am of the opinion that this is our chance to dissolve the synagogues. All those not completely intact, shall be razed by the Jews. The Jews shall pay for it. There in Berlin, the Jews are ready to do that. The synagogues which burned in berlin are being levelled by the Jews themselves. We shall build parking lots in their places or new buildings. That ought to be the criterion for the whole country, the Jews shall have to remove the damaged or burned synagogues, and shall have to provide us with ready free space.

Number 3:-I deem it necessary to issue a decree forbidding the Jews to enter German Theaters, movie houses and circuses. I have already issued such a decree under the authority of the law of the chamber for culture. Considering the present situation of the theaters, I believe we can afford that. Our theaters are over crowded, we have hardly any room. I am of the opinion that it is not possible to have Jews sitting next to Germans in Varietees, Movies and Theaters. One might consider, later on, to let the Jews have one or two movie-houses here in Berlin, where they may see Jewish movies. But in German theaters they have no business anymore.

Furthermore, I advocate that the Jews be eliminated from all positions in public life in which they may prove to be provocative. It is still possible today that a Jew shares a compartment in a

sleeping car with a German. Therefore, we need a decree by the Reich Ministry for Communications stating that separate compartments for Jews shall be available; in case where compartments are filled up, Jews cannot claim a seat; They shall be given a separate compartment only after all Germans have secured seats. They shall not mix with Germans, and if there is no more room, they shall have to stand in the corridor.

Goering: In that case, I think it would make more sense to give them separate compartments.

Goebbels: Not if the train is overcrowded!

Goering: Just a moment. There'll be only one Jewish coach. If that is filled up, the other Jews will have to stay at home.

Goebbels: Suppose, though, there won't be many Jews going on the express train to Munich, suppose there would be two Jews in the train and the other compartments would be overcrowded. These two Jews would then have a compartment all themselves. Therefore, Jews may claim a seat only after all Germans have secured a seat.

Goering: I'd give the Jews one coach or one compartment. And should a case like you mention arise and the train be overcrowded, believe me, we won't need a law. We'll kick him out and he'll have to sit all alone in the toilet all the way!?

Goebbels: I don't agree. I don't believe in this. There ought to be a law. Furthermore, there ought to be a decree barring Jews from German beaches and resorts. Last summer----

Goering: Particularly here in the Admiralspalast very disgusting things have happened lately.

Goebbels: Also at the Wannsee-beach. A law which definitely forbids the Jews to visit German resorts!

Goering: We could give them their own.

Goebbels: It would have to be considered whether we'd give them their own or whether we should turn a few German resorts over to them, but not the finest and best, so we cannot say the Jews go there for recreation.

It'll also have to be considered if it might not become necessary to forbid the Jews to enter the German forest. In the Grunewald, whole herds of them are running around. It is a constant provocation and we are having incidents all the time. The behavior of the Jews is so inciting and provocative that brawls are a daily routine.

Goering: We shall give the Jews a certain part of the forest, and the Alpers shall take care of it that various animals that look damned much like Jews,- the Elk has such a crooked nose,-get their also and become acclimated.

Goebbels: I think this behavior is provocative. Furthermore, Jews should not be allowed to sit around in German parks. I am thinking of the whispering campaign on the part of Jewish women in the public gardens at Fehrbelliner Platz. They go and sit with German mothers and their children and begin to gossip and incite.

Goebbels: I see in this a particularly grave danger. I think it is imperative to give the Jews certain public parks, not the best ones- and tell them: "You may sit on these benches:" these benches shall be marked "For Jews only". Besides that they have no business in German parks. Furthermore, Jewish children are still allowed

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in German schools. That's impossible. It is out of the question that any boy should sit beside a Jewish boy in a German Gymnasium and receive lessons in German history. Jews ought to be eliminated completely from German schools; they may take care of their own education in their own communities.

Goering: I suggest that Mr. Hilgard from the Insurance Co. be called in; he is waiting outside. As soon as He'll be finished with his report, he may go; and we can continue to talk. At the time Gustloff died, a compensation for the damage Germany had suffered, was prepared. But I believe that at present we should not work it through rained taxes but with a contribution paid only once. That serves my purpose, better.

(Hilgard appears)

Mr. Hilgard: The following is our case. Because of the justified anger of the people against the Jew, the Reich has suffered a certain amount of damage. Windows were broken, goods were damaged and people hurt, synagogues burned etc. I suppose that the Jews, many of them are also insured against damage committed by public disorder etc.

(Hilgard:- "Yes"

If that is so, the following situation arises; the people, in their justified anger, meant to harm the Jew; but it is the German insurance companies that will compensate the Jew for damage. This situation is simple enough; I'd only have to issue a decree to that effect that damage, resulting from these risks, shall not have to be paid by the insurance companies. But the question that interests me primarily, and because of which I have asked you to come here, is this one; in case of reinsurance policies in foreign countries, I should not like to lose these, and that is why I'd like to discuss with you ways and means by which profit from reinsurance, possibly in foreign currency will go to the German economy, instead of the Jew. I'd like to hear from you, and that is the first question I want to ask: In your opeinion, are the Jews insured against such damage to a large extent?

Hilgard: Permit me to answer right away. We are concerned with three kinds of insurances. Not with the insurance against damage resulting from revolt or from risks. But with the ordinary fire-insurance, the ordinary glass-insurance, and the ordinary insurance against theft. The people, because of their contracts, who have a right to claim compensation are partly Jews, partly Arians. As for the fire-insurance they are practically all Jewish, I suppose. As for the department-stores, the victim is identical with the Jew, the owner. That applies more to the synagogues, except for neighbors to whose places the fire may have spread. Although the damage is done to the latter's property seems to be rather slight, according to the inquiries I made late last night.

As for the glass-insurance which plays a very important part in this, the situation is completely different. The majority of the victims mostly the owners of the buildings are Arians., the Jew has usually rented the store, a procedure which you may observe all over, for example on Kairfuerstendamin.

Goering: That is what we've said.

Goebbels: In these cases, the Jew will have to pay.

Goering: It doesn't make sense, we have no raw-materials. It is all glass imported from foreign countries and has to be paid for in foreign currency! One could go nuts.

Hilgard: May I draw your attention to the following facts; the glass for the shop-windows is not being manufactured by the Bohemian, but by the Belgian glass industry. In my estimation, the approximate money-value of which these damages amount is 6,000,000- that includes the broken glass, glass which we shall have to replace, mainly to Arians because they have the insurance policies.

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Of course I have to reserve final judgement in all this, Your Excellency, because I have had only one day to make my inquiries. Even counting on about half of the 6,000,000 being spent in transacting the business-specialists from the Industry itself are more confident in this matter than I am, we might well have to import glass for approximately 3,000,000. Incidentally, the amount of the damage equals about half of a whole year's production of the Belgian glass industry. We believe that half a year will be necessary for the manufacturers to deliver the glass.

Goering: The people will have to be enlightened on this.

Goebbels: We cannot do this right now.

Goering: This cannot continue! We won't be able to last with all this. Impossible! Go on then! You suggest that the Arian is the one who suffers the damage; is that right?

Hilgard: Yes, to a large extent, as far as the glass-insurance goes.

Goering: Which would have to replace the glass.

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Hilgard: Yes. Of course there are cases in which the Arian, the owner of the store is identical with the owner of the building. That is so with all department stores. In the case of the department store Israel, the owner is the Jew.

Goering: And now the third category.

Hilgard: Under this fall the victims of thievery.

Goering: I have to ask you a question. When all kinds of goods were taken from the stores and burned in the streets, would that also be thievery?

Hilgard: I don't think so.

Goering: Could that be termed as "Riot"?

Hilgard: That is just the question which we are unable to decide at this moment. Is it ordinary theft if entry into a dwelling or a container of any kind is forced and something is taken away?

Goering: That is a case of "Riot".

Hilgard: Riot does not mean much since we have very little insurance against damage caused by riots, these were discarded by us long ago.

Goering: But this here is "Rioting ". That is the legal term. There was no theft, and no individual broke into any place. But a mob rushes in and knocks everything to pieces., or "Public Disturbances"

Hilgard: Public disturbance. It is no riot.

Goering: Are they insured against damages caused by public disturbances?

Hilgard: No, no more. May I show this by an example. The most remarkable of these cases is the case MARGRAF Under Den Linden. The Jewelry store of MARGRAF, is insured with us through a so-called combined policy. That covers practically any damage that may occur. This damage was reported to us as amounting to 1,700,000 because the store was completely stripped.

Goering: Daluegue and Heydrich, you'll have to get me this jewelry through raids, staged on a tremendous scale!

Saligue: The order has already been given. The people are being controlled all the time. According to reports, 159 were arrested by yesterday afternoon.

Goering: These things will otherwise be hidden. If somebody comes to a store with jewels and claims that he has bought them, they'll be confiscated at once. He has stolen them or traded them in alright.

Heydrich: Besides that, looting was going on in the Reich in more than 800 cases, contrary to what we supposed. ; but we have already several hundred people who were plundering, and we are trying to get the loot back.

Goering: And the jewels?

Heydrich: That is very difficult to say. They were partly thrown into the street and picked up there. Similar things happened with furiers, for example in Friedrichstrasse, district C, There the crowd was naturally rushing to pick up minks, skunks etc. It'll be very difficult to recover that. Even children have filled their pockets, just for fun. It is suggested that the Hitler-Youth is not to be employed and to participate in such actions without the Party's consent. Such things are very easily destroyed.

Daluegue: The Party should issue an order to the effect that the police will immediately recieve a report in case the neighbor's wif everybody knows his neighbor, has a fur coat altered or in case somebody appears wearing new rings or bracelets. We'd like the Party to support us here.

Hilgard: These damages are not covered by the policy, I believe. May I say a word in general about our liabilities and a "Petidum" of the Versicherungswirkschaft report. We'd like to make it our point, Mr. General Field Marshall, that we shall not be hindered in fulfilling the obligations for which our contracts call.

Goering: But I have to. That is important for me.

Hilgard: If I may give reasons for this request, I'd like to say that it simply has to do with the fact that we carry out, to a large extent, quite a number of international transactions. We have a very good international basis for our business-transactions, and in the interest of the equilibrium of the Foreign exchange in Germany, we have to make sure that the confidance in the German Insurence shall not be ruined. If we now refuse to honor clear-cut obligations, imposed upon us through lawful contract, it would be a black spot on the shield of honor of the German Insurance.

Goering: It wouldn't the minute I issue a decree, a law sanctioned by the State.

Hilgard: I was leading up to that.

Heydrich: The insurance may be granted, but as soon as it is to be paid, it'll be confiscated. That way we'll have saved face.

Hilgard: I am inclined to agree with what General Heydrich has just said. First of all, use the mechanism of the insurance company to check on the damage, to regulate it and even pay, but give the insurance company the change to:

Goering: One moment! You'll have to pay in any case because it is th Germans who suffered the damage. But there'll be a lawful order forbidding you to make any direct payments to the Jews. You shall

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also have to make payment for the damage the Jews have suffered, but not to the Jews but to the Minister of Finance.

(Hilgard: Aha!)

What he does with the money is his business.

H1231-0062

Schmer: Your Excellency, I should like to make a proposal. A Cert in rate should be fixed, say 15% or maybe a little higher, of all the registered wealth, I understand one billion is to be confiscated so that all Jews shall pay equally, and from the money raised this way, the insurance companies shall be refunded.

Goering: No. I don't even dream of refunding the insurance companies the money. The companies are liable. No, the money belongs to the State. That's quite clear. That would indeed be a present for the insurance companies. You make a wonderful Petidum there. You'll fulfill your obligations, you may count on that.

Kerl: It seems that in one respect, we'll have to arrange this somewhat differently. As far as the glass-insurance goes, the fact of the matter is that the owners of the buildings will definitely have to be paid for the damage, as stipulated. The majority of these companies, with the exception of one Joint Stock Company in Cologne, are all very smallReciprocity-companies(Gegenseitsvereine). They won't be able to make up for the damage. We'll have to find out how far they are covered by re-insurance which I cannot tell at the moment.

Hilgard: In this connection, the re-insurance plays a relatively small role, except for the large fire-insurance policies taken out by department stores. There is no re-insurance in the glass insurances, for the simple reason that, under normal conditions glass insurance is one of our best branches in the insurance business; and therefore does not need re-insurance. I have to add, though, that the amount of this damage is approximately twice as high as the amount of damage for an average year. It makes all our calculations wrong and completely wipes out our chance for profit.(Interrupted by Kerl)

No, Sir, that is the way it is. The whole premium of the German glass insurance amounts to 14,000,000. if I am not wrong. Under normal conditions it amounted to 4 or 5 million. The glass insurance is our greatest asset. So far, the greates profits were made in it. But now, the amount of this damage is alone twice as high as the amount for one ordinary year. With the various special glass-insurances, it altogether different.

Goering: One moment! 4 to 5 millions normally. Twice as much would be about 10 million. You suggested 14 million. There are still 4 million left.

Hilgard: We'll also have to pay for the expenses. No, it is a very great catastrophe for us. Let me point out that the damgage in the whole of Germany, in my estimation, small amout to approximately 25 million mark. I wanted to be careful.

Heydrich: We estimate that the damage to property, to furniture and to consumer-goods amounts to several hundred million; although that includes the damage the Reich shall suffer from loss of taxes. sales taxes, taxes on property and on income. I assume that the Minister for Finance too , has been informed on all this.

V. Krosigk: I have no idea about the extent.

Heydrich: 7,500 destroyed stores in the Reich.

Daluege: One more question ought to be cleared up. Most of the goods in the stores were not the property of the owner but were kept on the books of other firms, which had delivered them. Then there are the unpaid for deliveries by other firms, which definitely are not all Jewish but Arian, those goods that were delibered on the basis of commission.

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Hilgard: We'll have to pay for them, too.

Goering: I wished you had killed 200 Jews, and not destroyed such values.

Heydrich: There were 35 killed.

Kerl: I think we could do the following: Jews we don't pay anyhow. As for Arians, payment shall have to be made; the insurance company may contact us through the "Reichsgruppe" and we shall investigate each case. I am thinking of the small Reciprocity-Companies; it should be easy to find out whether they are capable of paying or not. In their cases, the amounts involved are not too large. We may find an arrangement for this later on; I am thinking of one in which the insurance companies arrange for recompensation exclusively to Arian, and once they know the results of their inquiries, contact us. We shall then find a way out for those small companies. Of course only in cases where it is absolutely necessary.

Funk: That is not necessary. I'd like to refer to what I've said before about the decree. That seems to be the easiest solution.

Goering: We cannot do that. These people make a point of their ability to pay.

Funk: If the Jews pay for it, the insurance companies don't have to pay.

Goering: Right, well, Gentlemen, this is all very clear. We'll stick to it. At this moment every insurance company, except Mr. Hilgard who is here, counts on having to pay for the damage. They want to pay too, and I understand this very well. They'll have to want that, so they cannot be reproached for not being secure enough to pay. The glass insurance, and a point was made of that, has brought the highest profits so far. That means they'd have enough surplus money, and if they haven't divided it all up in dividends, they'll have savings enough for the compensation. Such an insurance company will have to be in a position to pay for a damage of 10, 12, 15 million, that is three times the amount paid in the normal year. If they are unable to do that, then we'll have to wonder whether we should let small companies live at all. It would be insane to keep insurnace companies which would be unable to pay for such a damage. To permit an insurance company like that to exist would simply mean to cheat the people. I suggest now the following. The damage shall be determined in each case. And for the time being, the insurance companies shall have to honor their contracts in every respect and shall have to pay.

(No. 4 is missing)

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PART V

Goering: Now for the damage the Jew has had. At Margrafs', the jewels disappeared, etc. Well, they are gone, and he won't get them refunded. He is the one who has to suffer the damage. As far as the jewels may be returned again by the police, they belong to the State. Now for the consumer foods which were thrown into the street, stolen or burned. There too, the Jew will be the one who has the damage.

As for the goods that were kept on the basis of commissions, the Jew shall have to make good for the damage.

Goebbels: That doesn't have to be put in the decree, though. This decree is quite sufficient the way it is.

Hilgard: I wonder to what an extent insurance companies in foreign countries might be involved in this.

Goering: Well, they'll have to pay. And we'll confiscate that.

Hilgard: As for this merchandise sold on the basis of commissions, I can imagine that the American supplier of fur coats, shipping them from England or from America would in many cases insure it with English or American insurance companies!

Goering: Then they'll pay him for the damage. The question merely is the following: do you think there are re-insurances for all this damage in foreign countries?

Hilgard: Very few, amounting to very little.

Goering: Of course, the Aryan cannot report any damage because he hasn't had any. The Jew will make good.

The Jew shall have to report the damage. He'll get the refund from the insurance company but the refund will be confiscated. If it's all said and done, there will remain some profit for the insurance companies since they can't have to make good for all the damage. Mr. Hilgard, you may enjoy yourself.

Hilgard: I have no reason for that - The fact that we won't have to pay for all the damage is called profit!

Goering: Just a moment! If you are compelled under the law to pay 5 million and all of a sudden there appears an angel in my somewhat corpulent form before you, and tells you: you may keep 1 million - why, cannot that be called making a profit? I should actually split with you, or whatever you'd call it. I can see it, looking at you. Your whole body grins. You made a big profit.

(Remark: Let's initiate a tax for damages, resulting from public disturbance, to be paid by the insurance companies)

Hilgard: For me it goes without saying that the honorable German merchant cannot be the one who suffers. I have discussed this matter with the enterprises and I have spoken for it that the Aryan must not be the one who has the damage. But it is decidedly he who has it, because all the insurance companies, not one insurance company, are the ones that shall have to pay higher rates and at the same time shall receive lower dividends. Therefore, all the insurance companies are the losers. That is so, and that'll remain so, and nobody can tell me differently.

Goering: Then why don't you take care of it that a few windows less are being smashed! You belong to the people too! Send your representatives out. Let them instruct the people. If there should be any more questions speak to Mr. Lange.

(Reichsgruppenleiter Hilgard leaves the meeting)

Gentlemen, let us continue.

Woermann: I think that the foreign Jews are left out completely in Article 1. They are covered only by Article 2. But they should also be taken care of in Article 1. Otherwise they can be dealt with only if they are insured, and not if they are not insured.

Goering: Well, they'll have to insure themselves - or what else do you mean?

Woermann: As for insurances, the foreign Jews are, to my understanding, mentioned only in Articles 2 and 3, and not in Article 1. If I remember correctly, you were going to say in Article 1: "Jews inside the country". Well, we'll have plenty of complaints then.

Goering: Pardon me. According to Article 2, they'll receive their compensation.

(Woermann: If they are insured!)

The number of those who are not insured is negligible.

Heydrich: I'd like to say one more thing of primary importance. In the decree we should not mention the confiscation. We can do that easily.

Goering: No, you cannot do that tacitly. A clear legal procedure will have to be employed there. But that is not what Mr Woermann means, he is talking about these foreign Jews who are not insured. As far as they are insured, they are covered. This here concerns those who are not insured. That may be the case here and there.

Woermann: We shall then have plenty of complaints.

Goering: I'd like to avoid paying too much attention to the foreign Jews.

Woermann: But if Article 2 contains that provision, Article 1 may as well have it. The first draft by the Minister for Justice covered it all very nicely.

Guertner: Now, if I don't misunderstand, Mr Woermann, he is primarily concerned with the obligation for restoration which shall be valid generally while only Jews who have German citizenship are mentioned regarding the insurances.

I'd like to know whether there are any objections against compelling also the foreign Jews to restore the damage, and to inform him that he shall not be paid the money from the insurance.

Goering: He is quite able to do that.

Woermann: Even if he is not insured?

Guertner: Oh-!

Goering: There should hardly be such instances. Let's take a chance on it.

Stuckart: If he is not insured, he'll have to have the damage restored anyway. How can he then make claims against anybody?

Goering: He cannot.

Woermann: He can file claims against the State.

Stuckart: According to which law? Damage caused by riots? We won't recognize riots.

Goering: Perfectly right.

Woermann: Generally speaking, may I say: regarding foreign Jews, the reservation that the contract is to be taken into consideration was made only for the organization. That is valid for all branches which we have discussed today, and also for the expropriation.

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Goering: Like the Fuehrer says, we'll have to find a way to talk this over with the countries which also do something against their Jews. That every dirty Polish Jew has a legal position here and we have to stand him, - that ought to cease. The Fuehrer was not very happy about the agreement that was made with the Poles. He thinks we should take a few chances and just tell the Poles; all right, we are not going to do that; let's talk over what we may be able to accomplish together; you are doing something against your own Jews in Poland; but the minute the Itzig has left Poland, he should suddenly be treated like a Pole! I'd like to disregard these stories from foreign countries a little.

Woermann: It ought to be considered whether or not, the U S might take measures against German property. This question cannot be handled equally for all countries. I have to make a formal and general reservation.

Goering: I have always said and I'd like to repeat it that our steamship companies and German companies in general should finally catch on and liquidate their investments in the U S, sell them, etc. That country of scoundrels does not do business with us according to any legal rules. Once before they stole everything from us, that is why I don't understand how we could do it again, just for some temporary profit. It is dangerous. You can do it with a regular country but not with one that cares for the Right as little as the U S. The other day I had the American ambassador with me, we talked about the zeppelin and I told him: "We don't need any helium, I fly without helium but the prerequisite will have to be that this ship will be flying to civilized countries where the Right prevails. It goes without saying that one cannot fly to such gangster-states" He had a rather silly look on his face. One ought to tell these Americans. But you are right, Mr Woermann, it ought to be considered.

Woermann: In other words, the foreign office is granted the right to be consulted.

Goering: Granted, but I'd like to avoid mentioning the foreign Jews as long as we can help it. We'd rather have the foreign office take part in those cases where that question becomes acute, so that some compromise can be reached.

Woermann: Generally, and in particular cases.

Funk: The decisive question is: Are the Jewish stores to be reopened or not?

Goering: That depends on how big a turnover these Jewish stores have. If it is big, it is an indication that the German people are compelled to buy there, in spite of its being a Jewish store, because a need exists. If we'd close all Jewish stores which are not open right now, altogether before Christmass, we'd be in a nice mess.

Fisdiboeck: Your Excellency, in this matter we have already a very complete plan for Austria. There are 12,000 Jewish artisan and 5,000 Jewish retail shops in Vienna. Before the National Revolution, we had already a definite plan for tradesmen, regarding this total of 17,000 stores. Of the shops of the 12,000 artisans, about 10,000 were to be closed definitely and 2,000 were to be kept open. 4,000 of the 5,000 retail stores should be closed and 1,000 should be kept open, that is, were to be aryanized. According to this plan, between 3,000 and 3,500 of the total of 17,000 stores would be kept open, all others closed. This was decided following investigations in every single branch and according to local needs, in agreement with all competent authorities, and is ready for publication as soon as we shall receive the law which we requested in September; this law shall empower us to withdraw licenses from artisans, quite independently from the Jewish question.

Goering: I shall have this decree issued today.

Fisdiboack: It was granted us in connection with the economic plan for Austria. I believe the only reason why it was not yet published was that negotiations between the Reich Ministry for Economic Affairs and the National Food Corporation were going on. A basic agreement had already been reached. We'll be able to close these 10,000 stores as a matter of mere routine as soon as the decree will be issued. As for the actual execution

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of the matter, somebody will have to take care of the merchandise in these stores. Until last week we had intended to more or less leave it up to the Jews themselves to liquidate the warehouses. We cannot do that anymore. We intend to create a central agency which shall take care of the merchandise to be used. Generally, the best procedure might be to turn the merchandise over to the particular branch which in turn shall divide it up among the Aryan stores. These, in turn, shall re-sell it on the basis of commissions or for a fixed price.

If this is carried out as planned, it'll concern only the approximately 3,000 remaining stores which shall be aryanized, according to the investigations made in the various branches. Actual buyers for about half of these stores are waiting: their contracts have been checked and are ready to be approved. If many of these cases were not approved sooner, it is only because the decision on the planning had not yet been made. As for the remaining 15,000 stores, negotiations have also gone rather far in many cases. We think that a dead line should be set, say until the end of the year. If, by the end of the year, definite buyers for the stores designated for aryans, cannot be found, it'll have to be examined once more whether the stores should not be liquidated. In most cases that will be possible; an artisan's shop is of a rather individual character. As for retail stores, it would never be urgent enough, so as to say that the economic worth was too big. The very few stores which would still remain and found to be necessary but for which no buyer was available, could be taken over by trustees. This way, I believe that fewer than 100 stores would be left, and by the end of the year we would have liquidated all the Jewish owned businesses which so far has been obvious as such in the eyes of the public.

Goering: That would be excellent.

Fisdibeeck: Out of 17,000 stores 12,000 or 14,000 would be shut down and the remainder aryanized or handed over to the bureau of trustees which is operated by the State.

Goering: I have to say that this proposal is grand. This way, the whole affair would be wound up in Vienna, one of the Jewish capitals, so to speak, by Christmas or by the end of the year.

Funk: We can do the same thing over here. I have prepared a law elaborating that, effective 1 January 1939, Jews shall be prohibited to operate retail stores and wholesale establishments as well as independent artisan shops. They shall be further prohibited from keeping employees or offer any ready products on the market. Wherever a Jewish shop is operated, the police shall shut it down. From 1 January 1939, a Jew can no longer be employed as an enterpriser as stipulated in the law for the Organization of National Labor from 20 January 1934. If a Jew holds a leading position in an establishment without being the enterpriser, his contract may be declared void within 6 weeks by the enterpriser. With the expiration of the contract all claims of the employee, including all claims to maintenance, become obliterated. That is always very disagreeable and a great danger. A Jew cannot be a member of a copporation; Jewish members of corporations shall have to be retired by 31 December 1938. A special authorization is unnecessary. The competent Ministers of the Reich are being authorized to issue the provision necessary for the execution of this law.

Goering: I believe that we can agree with this law.

(Remark: Yes)

Of course there remain a few things to be straightened out even after 1 January. We shall be able to handle them with these general methods which we shall have to employ for handling all other Jewish property. As for the Jewish stores, we may proceed vigorously; we believe that by Christmas enough buyers shall be found to take over the stores which from now on shall be entirely under pressure. Also the merchandise may be taken the way you have proposed it. To me, all this seems to be prepared in an excellent manner.

Funk: In every single store everything is there.

Schmer: Everything is there, except that we have no control, anymore, over this business with the trustees. I personally am of the opinion that we don't need it at all; so far we have managed quite well with the aryanization. For those few stores that are to be kept open, we shall easily find buyers. All other rooms shall be rented without much ado. There is a great need for this right here in Berlin.

Goering: But my dear friend, that way the Jew will receive the full amount.

Schmer: He will receive the amount that is far below the value, and the aryanizing shall have to be authorized, as before.

Goering: The Jew will receive the amount and won't be put into the account-book.

Schmer: No. We can arrange that later. He cannot swallow the money. The amount is fixed, and under the law the Jew is compelled to report every change in his wealth, so that it can easily be controlled. He won't run away; we'll keep it in the Reich. The only thing you'd have to do is to issue a decree, or to transfer the provisions of Article 7 on to the Ministry for Economic Affairs in order to confiscate the Jewish property. He cannot run away from us.

Goering: Mr Schmer, could not the following be done: Somebody will become aryanized and get 300,000 marks into his hands. He runs into the next best jewelry-store around the corner and buys one piece of jewelry after another, and on the same day disappears across the border.

Schmer: In that case, we'll have to report this change in his property.

Goering: But if he wants to scram'.

Fisdiboeck: The O K on the aryanizing is not being given the minute the price for the purchase is being paid. We do that the following way. The aryanizing is being authorized only under the condition that the price for the purchase is to be paid in instalments lasting over a long period of time, in case the buyer is unable to pay; or, in case payment is being made, that the amount is to be put in the bank of a frozen account.

Goering: We could do the same thing here.

Schmer: In the provisions for the execution of the law we may stipulate that from a certain level on, payment shall have to be made in bonds of the Reich or something similar. That would have to be a decree made to the authorities which O K the aryanizing.

Daluege: The number of Jewish stores is unknown. Until yesterday, 7500 were reported to us and the number does not increase.

Fisdiboeck: Because of what has happened the day before yesterday in Vienna, 5000 were shut down there. There were 40,000 altogether.

Schmer: Shall the arrangement made in Austria remain?

Goering: Nothing will be changed there.

Fisdiboeck: Everything can be shut down at any time.

Heydrich: I know that a very high limit has been set for registering, 3000 I believe.

Fisdiboeck: More than 5000.

Goering: Is that the same in the Reich?

Fisdiboeck: Yes, in the Reich too. In this connection, I'd like to make a few more remarks. What we are very much concerned with, is the situation regarding the Jewish apartment houses which contribute a large percentage of Jewish wealth. Surprisingly enough, the Jewish national wealth in Austria is reported to amount of 320 million marks only; the value of the

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apartment houses alone amounts to 500 million. We should appreciate it very much if the regulation which makes it possible to requisition Jewish property would be made to be valid also for the apartment buildings; thus we would be enabled to have these houses administered by a board of trustees and to give the Jews the right to have a claim on the debit ledger of the Reich. That could also be an occasion to cash the contribution which might be deducted this way in advance. The administration of these blocks of apartment buildings wouldn't be a problem at all. The only thing we'd need for it would be managers, and there'd be plenty of them. We'd like to requisition the apartment buildings and also any bonds that way. This question of the bonds has been left open so far. In Austria, a very large part of Jewish wealth, 266 billion Reichsmarks, is invested in bonds of all kinds in shares or simply in bonds bringing a fixed rate of interest. In my opinion, a danger for the market does not exist because the Ministry for Economic Affairs would have control over these bonds. We'll pay by handling out claims, on the debit-ledger of the Reich. Therefore, the finances of the Reich won't be affected; the Minister for Finance shall only pay 3% for the claims on the debit-ledger of the Reich. He in turn receives internal loans, that means saves money. And if the bonds are not being sold, one might keep them 30 years until these claims on the debit-ledger of the Reich shall be expired.

Funk: Why should Jews not be allowed to keep bonds?

Goering: Because that way he would actually be given a share.

Funk: That is entirely new.

Goering: No. I said very clearly before; bonds and shares.

Funk: Shares yes, but not internal loans.

Fisdiboeck: It is certainly better to pay the Jew 3% instead of 4%. We'd have no possibility to control Jewish wealth the minute we'd let him have shares.

Goering: Gentlemen, no arguments. It is out of the question that he'd keep the shares. He'll have to turn them in.

Fisdiboeck: In that case I'd like you to arrange this by calling the shares in so that the stock market won't be ruined. That can very easily be done. They'll be turned in. Administering the shares is also much simpler. The trustee turns the shares over to the depot and receives claims on the debit-ledger of the Reich in their place. With this, the whole affair is settled. The only question is whether you want to recall the shares or not.

Funk: This way, the Reich will become processor of half a billion shares.

Goering: Yes, Yes.

Goebbels: He'll be able to get rid of them according to its needs.

Fisdiboeck: But it is a business based on profits.

v. Krosigk: I am wondering, first whether it will bring us profits. I grant you that, though. But secondly, an entirely new point of view has to be entered here. I can very well see the point in what the Minister, Mr. Fisdiboeck, says. As for the values that otherwise bring fixed rates of interest, it is an entirely new idea to expropriate the Jew also in this, though the intention had been to refrain his status as the owner of the shares.

Fisdiboeck: The reason why this is so very important is that our whole action shall remain without success as long as the Jews shall be in the possession of values, which they may realize quickly and employ for any other undertaking.

Goering: That's it. We want to prevent the Jews from again secretly manipulating against us.

Fisdiboeck: For example, if we don't want the Jews to possess jewelry we can prevent them from having it by allowing them to possess only Internal Loan bonds, that means that they could acquire the jewelry only by paying with bonds.

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Goering: Nobody would pay them their claims on the debit-ledger.

Fisdiboeck: They are not transferable.

Goering: Only if authorized.

Heydrich: Is it not possible to issue an order forbidding the Jew to invest his money in certain values, such as art treasures?

Goering: The arrangement with the registration in the debit-ledger is much simpler. Claims on the debit-ledger are not transferable. He cannot do anything with them, and he cannot do much with these 3½%.

Heydrich: But we'll also have to find an arrangement for confiscation of valuable objects in Jewish possession.

Goering: What he has now in his possession, that'll come.

Schmer: Article 7 of the decree states that the use of Jewish wealth in German economy shall be regulated through the Four Year Plan.

Goering: I think Fisdaboeck's proposal is very good. We should give it the form of a draft now, find the apartment buildings, the shares, etc.

Fisdaboeck: I should also like to have a decision made on the following question. In Austria, individuals, not institutions, owe the Jews 184 billion Reichsmarks. This way the Jews certainly have invested money in a way we don't like. That is money which they have loaned out to other Jews, oftener enought to an Aryan. This way, a dependency of the Aryan artisan from the Jewish creditor is created which we do not want. Now the question arises, and I would answer yes. Should trustees not be created to administer these debts and then pay with claims on the debit-ledger, according to demand coming in. The goal of this procedure would be to make the debtor independent from the Jewish creditor, to insert Aryan trusteeship and pay the Jew, as far as his demands could actually be met. Therefore it does not have to be paid. So we should have to insert trusteeship in this case also, but the difference to that in the case of the bonds would be that we won't simply pay but leave the decision for payment up to the trusteeship.

Funk: If word of this debate should reach the public, we'd have a run on the capital market tomorrow.

Fisdiboeck: That's why we have postponed these ideas all the time. We have examples for it that the Jews have sold, head over heel, bonds of internal loans, shares and everything they had.

Goering: I could stop that with a single decree, ordering the immediate stoppage of traffic of Jewish capital. He is punishable who buys from Jews, and his purchase shall be confiscated. I would not do it any other way.

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Part VII

Frick: The Ministry of the Interior shall have to take part in it.

Goering: I have said so before.

(Shout by Goebbels)

---that is a misunderstanding. That is now the committee which is elaborating on nothing but on this problem which is being tackled. How are the shares, how are the claims on the debit-ledger to be handled? Therefore, I shouldn't like to have anybody else in the Committee, in order to keep it as small as possible.

Buerkel: Is the plan for the arianizing to be discussed also?

Goering: Mr. Fischboeck shall bring that up. This place is the crux of the matter. I hope you have listened properly so that you know exactly what is to be valid for the Sudetengau!
Of course, I too am of the opinion that these economic measures ought to be strengthened by a number of Police-action-Propaganda-measures and cultural displays so that everything shall be fixed now and the Jewry will be slapped this week right and left.

Heydrich: In spite of the elimination of the Jew from the economic life, the main problem, namely to kick the Jew out of Germany, remains. May I make a few proposals to that effect?
Following a suggestion by the Commissioner of the Reich, we have set up a center for the Emigration of Jews in Vienna, and that way we have eliminated 50,000 Jews from Austria while from the Reich only 19,000 Jews were eliminated during the same period of time; we were so successful because of the cooperation on the part of the competent Ministry for Economic Affairs and of the foreign Charitable organizations.

Goering: The main thing is, you cooperated with the local leaders of the "Green Frontier".

Heydrich: That amounted to a very small number, your excellency. Illegall---

Goering: This story has gone through the whole world-press. During the first night the Jews were expulsed into Checkoslovakia. The next morning, the Checks grabbed them and pushed them into Hungary. From Hungary, they were returned to Germany and from there into Checkoslovakia. They travelled around and around that way. They landed finally on an old Barge in the Danube. There they lived, and wherever they tried to go ashore, they were barred.

Heydrich: That was the report. There weren't even 100 Jews.

Goering: For practically two weeks, a number of Jews left every midnight. That was in the Burgenland.

Heydrich: At least 45,000 Jews were made to leave the country by legal measures.

Goering: How was that possible?

Heydrich: Through the Jewish Kulturgemeinde, we extracted a certain amount of money from the rich Jews who wanted to emigrate. By paying this amount, and an additional sum in foreign currency, they made it possible for a number of poor Jews to leave. The problem was not to make the rich Jew leave but to get rid of the Jewish mob.

Goering: But children, did you ever think this through? It doesn't help us to extract hundreds of thousands from the Jewish mob. Have you ever thought of it that this procedure may cost us so much foreign currency that in the end we won't be able to hold out.

Heydrich: Only what the Jew has had in foreign currency.
(Goering---agreed)
This way. May I propose that we set up a similar procedure for the

Reich, with the cooperation of the competent government agencies, and that we then find a solution for the Reich, based on our experiences, after having corrected the mistakes, the General Field Marshall has so rightly pointed out to us.

(Goering:--agreed)

As another means of getting the Jews out, measures for Emigration ought to be taken in the rest of the Reich for the next 8 to 10 years. The highest number of Jews we can possibly get out during one year is 8-10,000. Therefore, a great number of Jews will remain. Because of the Arianizing and other restrictions Jewry will become unemployed. The remaining Jews gradually become proletarians Therefore, I shall have to take steps;to isolate the Jew so he won't enter into the German normal routine of life. On the other hand, I shall have to restrict the Jew to a small circle of consumers, but I shall have to permit certain activities within professions; lawyers, doctors, barbers etc. This question shall also have to be examined.

As for the isolation, I'd like to make a few proposals regarding police measures which are important also because of their psychological effect on public opinion. For example, who is Jewish according to the Nurnberg laws, shall have to wear a certain insignia. That is a possibility which shall facilitate many other things. I don't see any danger of excuses, and it shall make our relationship with the foreign Jew easier.

Goering: A uniform!

Heydrich: An insignia. This way we could also put an end to it that the foreign Jews who don't look different from ours, are being molested.

Goering: But, my dear Heydrich, you won't be able to avoid the creation of ghettos on a very large scale, in all the cities. They shall have to be created.

Heydrich: As for the question of ghettos, I'd like to make my position clear right away. From the point of view of the police, I don't think a ghetto in the form of completely segregated districts where only Jews would live, can be put up. We could not control a ghetto where the Jews congregate amidst the whole Jewish people. It would remain the permanent hideout for criminals and also for epidemnics and the like. We don't want to let the Jew live in the same house with the German population; but today the German population, their blocks or houses, force the Jew to behave himself. The control of the Jew through the watchful eye of the whole population is better than having him by the thousands in a district where I cannot properly establish a control over his daily life through uniformed agents.

Goering: We'd only have to forbid long-distance calls.

Heydrich: Still I could not completely stop the Jews from communicating out of their districts.

Goering: And in towns all of their own?

Heydrich: If I could put them into towns entirely their own, yes. But then these towns would be such a heaven for criminals of all sorts that they would be a terrific danger. I'd take different steps. I'd restrict the movement of the Jews and would say; In Munich, the governmental district and the district----

Goering: Wait a minute! I don't care so much for it that the Jews don't appear in spots where I don't want them. My point is this one; if one Jew won't have any more work, he'll have to live modestly. He won't be able to go far on his 5%, to restaurants, etc. He'll have to work more. That'll bring about a concentration of Jewry which may even facilitate control. You will know that in a particular house only Jews are living. We shall also have concentrated Jewish butchers, barbers, grocers etc. in certain streets The question is of course whether we want to go on tolerating that.

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If not, the Jew shall have to buy from the Arian.

Heydrich: No, I'd say that for the necessities in daily life, the German won't serve the Jew anymore.

Goering: One moment. You cannot let him starve. But there'll be the following difficulty. If you say that the Jews will be able to have so and so many retail stores, then they'll again be in business, and they'll continually have to sell for the wholesaler.

Schmer: In a small town that wouldn't work at all.

Goering: It could only be worked out if you'd reserve inaivance whole districts or whole towns for the Jews. Otherwise, you'll have to have only Germans do business, and the Jew shall have to buy from them. You cannot set up a Jewish barbershop. The Jew will have to buy fodd and stockings.

Heydrich: We'll have to decide whether we want that or not.

Goering: I'd like to make a decision on that right now. We cannot make another sub-division here. We cannot argue: so and so many stores will remain for the Jew because then again no control will be possible since these stores in turn would have to work with wholesale stores. I'd say, all stores should be Arian stores, and the Jew may buy there. One may go one step further and say that these and these stores will probably be frequented mostly by Jews. You may set up certain barbershops operated by Jews. You may make concessions in order to channel certain professions into certain streets for certain tasks. But not stores.

Heydrich: What about the ghetto? Would the Jew have to go to an Arian district to buy.

Goering: No. I'd say that enough German storekeepers would love to dwell in the Ghetto if they could do some business there. I wouldn't alter the principle that the Jew shall have no more say in German Economy.

Heydrich: I shouldn't like to comment on that. Now a few things which are important also form a psychological angle.

Goering: Once we'd have a ghetto, we'd find out what stores ought to be in there, and we'd be able to say; you, the Jew so and so, together with so and so, shal take care of the delivery of goods. And a German wholesale-firm will be ordered to deliver the goods for this Jewish store. This store would then not be a retail-shop but a cooperative-store, a cooperative one for Jews.

Heydrich: All these measures will eventually lead to the institution of the ghetto. I'd say one shouldn't want to build a ghetto. But these measures, if carried through as outlined here, shall automatically drive the Jews into a ghetto.

Funk: The Jews will have to move quite close together. What are 3 million? Everyone will have to stand up for the next fellow. The individual alone will starve.

Goering: Now, as to what Minister Goebbels has said before, namely compulsory renting. Now, the Jewish tenants will be together.

Heydrich: As an additional measure, I'd propose to withdraw from the Jews all personal papers such as permits and drivers licenses. No Jew should be allowed to own a car, neither should he be permitted to drive because that way he'd endanger German life. By not being permitted to live in certain districts, he should be furthermore restricted to move about so freely. I'd say the Royal Square in Munich, the Reichsweihestatte, is not to be entered any more within a certain radius by Jews. The same would go for establishments of culture, border fences, military installations. Furthermore, like

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Minister Dr. Goebbels has said before, exclusion of the Jews from public theaters, movie houses etc. As for cultural activities, I'd like to say this; cultural activities in holiday resorts may be considered an additional feature, not absolutely necessary for the individual. Many German Volksgenossen are unable to improve their health through a stay at a resort town. I don't see why the Jew should go to these places at all.

Goering: To health spas, no.

Heydrich: Well, then I'd like to propose the same thing for hospitals. A Jew shall not lie in a hospital together with Arian Volkgenossen.

Goering: We'll have to manage that gradually.

Heydrich: The same applies to public conveyances.

Goering: Are there no Jewish Sanatariums and Jewish hospitals? (Remarks--Yes!) We'll have to finagle all this. These things will have to be straightened out one right after another.

Heydrich: I only meant to secure your approval in principle so that we may start out on all this.

Goering: One more question, gentleman: What would you think the situation would be if I'd announce today that Jewry shall have to contribute this 1 billion as a punishment?

Buerckel: The Viennese would agree to this whole-heartedly.

Goebbels: I wonder if the Jews would have a chance to pull out of this, and to put something on the side.

Brinkmann: They'd be subject to punishment.

V. Krosigk: Mr. Fischboeck, one question, Could this authorization be ordered without their closing out their securities?

Funk: They are all registered. They'll also have to register the money.

V. Krosigk: But for the time being they may dispose of it.

Goering: It won't help them to cash them all. They can't get rid of the money.

Funk: They'll be the ones to have the damage if they sell their stocks and bonds.

Fischiboeck: There is a certain danger, But I don't think it is very great. But only then, when all the other measures shall definitely be carried out during next week.

V. Kronigk: They have to be taken during the next week at the latest.

Goerint: I would make that a condition.

Fischiboeck: Maybe it is good that we put ourselves under pressure this way.

Goering: I shall close the wording this way; that German Jewry shal as punishment fortheir abominable crimes etc. etc. have to make a contribution of 1 billion. That'll work. The pigs won't commit another murder. Incidentally, I'd like to say again that I would not like to be a Jew;in Germany.--

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V. Krosigk: Therefore, I'd like to emphasize what Mr. Heydrich has said in the beginning; that we'll have to try everything possible, by way of additional exports, to shove the Jews into foreign countries. The decisive factor is that we don't want the society-proletariat here. They'll always be a terrific liability for us.

(Frick;--"and a danger!")

I don't imagine the prospect of the ghetto is very nice. The idea of the ghetto is not a very agreeable one. Therefore, the goal must be, like Heydrich said, to move out whatever we can!

Goering: The second point is this. If, in the near future, the German reich should come into conflict with foreign powers, it goes without saying that we in Germany should first of all let it come to a showdown with the Jews. Besides that, the Fuehrer shall now make an attempt with those foreign powers who have brought the Jewish question up, in order to solve the Madagascar project. He has explained it all to me on 9 November. There is no other way. He'll tell the other countries. "What are you talking about the Jew for?-Take him!" Another proposal may be made. The Jews, gotten rid of may buy territory for their "co-religionists" in North America, Canada or elsewhere.

I wish to summarize: The Minister of Economic Affairs shall direct the committee and he shall in one form or another, take all steps necessary within the next few days.

Blerning: I fear that during the next few days, beginning Monday, the Jews will start to sell bonds on internal loans for hundreds of thousands, in order to provide themselves with means. Since we hold the course of the internal loan in order to sell more bonds, The Reich-Treasury, Loan-Committee or the Reich Minister for Finance should have to back this internal loan.

Goering: In what way could the Jew bring his bonds on the market?

(Remark;--"Sell them")

To Whom?

(Remark:--on the stock market.
He orders a bank to do it.)

Well, I'll prohibit selling internal loan bonds for three days.

Blerning: That could be done only through a decree.

Goering: I can't see any advantage for the Jew. He won't know himself how and he'll have to pay. On the contrary, I believe he won't move.

Goebbels: For the time being he is small and ugly and stays at home.

Goering: I don't think it would be logical. Otherwise we'll have to do it. The reason why I want this decree in a hurry is that for the time being we have peace but who can guarantee that there won't be new trouble by Saturday or Sunday. Once and for all I want to eliminate individual acts. The Reich has taken the Affair in its own hand. The Jew can only sell. He can't do a thing. He'll have to pay. At this moment, the individual Jew won't think of throwing anything on the market. There'll be some chatter first, and then they will begin to run to us. They'll look for those great Ardians with whom, they'll think they may have some luck., the so-called various mail-boxes of the Reich with whom they can lodge their protests. These people will run my door in. All that takes some time, and by then we'll be ready.

Daluegue: May we issue the order for confiscating the cars?

Goering: Also the Ministry of the Interior and the Police will have to think over, what measures will have to be taken. I thank you.

(Conference closed at 2.40 P.M.)

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6 October 1945.

I, FRED NIEBERGALL, 2nd Lt. Inf. O-133 55 67, Hereby certify that I am thoroughly conversant with the English and German languages; and that the attached is a true and correct translation of the Stenographic Report of the meeting on "The Jewish Question" under the chairmanship of Field Marshall Goering in the Reichs Air Force on 12 November 1938--11 O'clock.

FRED NIEBERGALL
2nd Lt. Inf.
O-133 55 67

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Exhibit USA 659 - Filed Jan. 11, 1946

TRANSLATION OF DOCUMENT NO. PS-3545
OFFICE OF U.S. CHIEF OF COUNSEL.

Partial translation of speech by Funk
in Berlin on 15 November 1938 :
"Frankfurter Zeitung",
17 November 1938

The state and the economy constitute a unity. They must be directed according to the same principles. The best proof thereof has been rendered by the most recent development of the Jewish problem in Germany. One cannot exclude the Jews from the political life, but let them live and work in the economic sphere. The fact that the last violent explosion of the disgust of the German people, because of a criminal Jewish attack against the German people, took place at a time when we were standing just before the termination of the economic measures for the elimination of the Jews from the German economy - this fact is a result of the other fact that in the last years we had not handled this problem sufficiently early and consistently. In any event, the bases of a complete elimination of the Jews also from the economy had already been laid by the decrees of the Commissioner for the Four Year Plan, Field Marshal Goering who was the first to undertake the solution of this problem. In the meantime, by means of Aryanization performed under governmental supervision, the Jews had already been excluded completely from the stock exchanges and the banks and almost completely from the large businesses and all important industrial enterprises. According to estimates, of the nett property of approximately 7 billion marks, determined pursuant to the decree for the registration of Jewish property, 2 billion marks have already been transferred into German possession. The preparations so far made now make it possible to eliminate, within a certain period, the Jews from German business life without exception and to transfer the still existing Jewish property into German hands against settlement payments in the form of bonds. In doing so, special care will be taken that the supply of commodities, which is so extremely important and valuable to us in view of the Four Year Plan, is properly made available for use by the German people without loss in value or substance; and precaution must further be taken that the large capital transactions and allocations to be made for the Aryanization do not tighten in an unbearable manner the capital market for the required investments and for subscriptions to Government bonds.

CERTIFICATE OF TRANSLATION
OF DOCUMENT No. PS-3545

I, Leo Loeb, Civilian, hereby certify that I am thoroughly conversant with the English and German languages, and that the above is a correct and true translation of Document No. PS-3545.

LEO LOEB
Civilian.

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Nuernberg.

3rd January 1946

C E R T I F I C A T E

I, LEO LOEB, U.S. Civilian of the Office of U.S. Chief of Counsel, hereby certify that the attached document, No. 3545 PS consisting of 1 photostated page of the "Frankfurter Zeitung" Morgenblatt dated 17 November 1938 is a true copy of a document which the Wiener Library, 19 Manchester Square, London, delivered to me in the usual course of official business, as the original of a German publication.

Leo Loeb.

Exhibit USA 660
Filed Jan. 11, 1946

DOC. NO. 3544-PS

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Testimony of Walter Funk, taken at Nurnberg, Germany, 22 October 1945, 1430-1645, by Lt. Col. Murray Gurfein, IGD, OUSCC. Also present: Capt. H. W. Frank, Interpreter and John Wm. Gunsser, Court Reporter.

COL. GURFEIN TO THE WITNESS:

Q Remember we talked yesterday about the period just before the outbreak of the war with Poland, that is, the several months preceding?

A Yes.

Q And I called your attention to the fact that you had some discussion with Goering in that period, do you remember?

A Yes.

Q Now, you said that you were going to think it over, and I want to ask you this afternoon what you thought about that.

A Yes. I remember two things which are very important. First, that I wasn't in Berlin at all during July. In July I was undergoing treatment because of my diabetes in Kissingen. And as far as I remember I came back from there at the beginning of August, so that all these discussions could only have taken place as late as August. Further, I remember the following: some time about the middle of August I lunched with the Fuehrer, together with a lot of other people. During the lunch, the tension with Poland was discussed. After the lunch the Fuehrer told me that he had put proposals to Poland regarding Danzig and the Corridor, and that he was under the impression that the Poles would accept these proposals. But that it was also possible that the Poles, under the protection of the British guarantee, would become more hostile towards us.

And during that discussion I briefly explained to the Fuehrer that in the event of such a war it would be important that prices and wages and finances were controlled in such a manner that the banks of issue would exert their influence by means of war taxes;, and that it now became clear to me what the passage in this letter refers to, namely, that I had already talked with the Fuehrer about that matter. And that must have been before my birthday, that is to say, the 15th or 16th of August, since he did not set forth congratulations to my birthday in that letter. My birthday is on the 18th of August. Therefore I can imagine that I may have told the Fuehrer -- although

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I cannot remember exactly that I proposed to talk to Goering about these matters, since he was responsible in that respect.

Since furthermore Goering informed me or had me informed that he discussed these matters with the Fuehrer, probably via Neumann, and that the Fuehrer was in agreement with my plans. It is probable, therefore, that the Fuehrer has discussed, probably in the presence of Neumann, these civil economic questions and particularly the points referring to prices, wages, etc. And furthermore, Goering would have reported to the Fuehrer on the subject and would have had me informed probably through Neumann that I should occupy myself with these questions. Any nomination for the plenipotentiary of economy did not take place before the 28th of August, something which I gathered from the indictment. Subsequently it is probable, and I seem to remember that I have had conversations with Goering on these subjects, and I remember one conversation during which Neumann was also present. And on that occasion Goering gave me the task to negotiate with my ministerial colleagues in accordance with my own proposals.

Q So that just to clarify it, when you saw Hitler, as you say, in the middle of August, Hitler told you if he could not succeed by negotiation with the Poles in effect that he would have to attack them; is that correct?

A I wouldn't put it precisely like that, but in any case he must have expected the possibility of a war.

Q And that is what he told you in effect, that you were to take part in the preparation of this war?

A No, but that the proposals that I had mentioned to him referring to prices, wages, etc., should be discussed between Goering and myself.

Q But when the Fuehrer told you that war was likely to come you volunteered the suggestion that you ought to get up a plan for the control of wages and prices; is that right?

A That is correct, yes, and that is the explanation for the wording of the letter referring to my proposals. That refers to the conversation with the Fuehrer. That has now come back to me. That was about the middle of August, which was the last time I saw him before the actual outbreak of the war.

Q So that you were a man who always felt that you could not successfully prosecute a war without internal control of the economy by way of price and wage regulation?

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A Yes, certainly. If a war was to break out, price and wage controls were necessary, and these things would have to be fixed to prevent the Reichsbank from having to meet considerable expenditure right away. These war measures had been prepared by the Minister of Finance separately from me already. He was proposing a simply colossal taxation for that event, which appeared quite unnecessary to me, and I said if he introduced it everybody would go bankrupt.

Q How long before that were these tax plans made before the contingencies of war?

A That was all around about the same time.

Q And that was part of the program that you were coordinating for Hitler?

A Yes, that was part of it; that was included in the points. And subsequently from that the Minister of Finance had made similar preparation, which in my opinion went much too far.

Q So that in effect you were urging upon the Fuehrer a total preparation for war, and you were in effect preparing for the war itself within your own sphere?

A Well, I don't know about total war; we are only concerned here with the war against Poland.

Q You don't understand me. When I say total war I mean the total regimentation of the economy for war.

A Yes; and the fact that I was against such far-reaching measures as proposed by the Minister of Finance can be explained from my conviction that I did not think that there would be a world war, but that I was thinking simply of a war against Poland, because if one was of the opinion that a world war was about to break out the preparation would have been quite different.

Q Yes, but that means that you thought that you could have a war against Poland without the other powers interfering; is that right?

A Yes, certainly. And that was my personal conviction and everyone else's, that England would not start a war for the sake of Danzig.

Q And also you did not consider it to be excluded that the Poles would resist any diplomatic attempt to get Danzig, and that it might be necessary to attack them?

A Yes, but the Fuehrer said during that lunch that he thought that the Poles would accept those proposals regarding Danzig, which in fact were eventually made to the Poles.

(FUNK)

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Q Yes, but he also said that in the event he could not succeed diplomatically he would have to go into a war?

A Well, he himself didn't say that, but it was my own personal opinion that in the event of failure of political efforts of war against Poland being inevitable; he himself never said that.

Q Why did you think that?

A Because the situation in Poland deteriorated from day to day, which was later on confirmed by people coming back from Poland. I myself had relations there, and the conduct of the Poles was unforgiveable.

Q So that you felt you would have to, if they did not agree peaceably, to force them by arms to get rid of this situation?

A Yes, because the Poles carried things so far that we in Germany no longer had any other possible way. And after all, Germany at that time was already a very powerful country. You can't take just everything from the Poles.

Q You mean you could not take insults from the Poles?

A After all, Germany could only condone this sort of thing up to a point, and there were incidents at the frontier when Germans were massacred; they had their noses and ears cut off.

Q You knew at that time that German propoganda said for a long time that it had been going on all summer?

A Yes, but it was later on confirmed by Germans, in fact, my my own relatives who were living in Conetz in Poland, just how the Poles treated the Germans there and what dreadful things they committed against them.

Q So you agreed with Hitler that the only thing to do was to liquidate the Polish problem, and if it could not be done by diplomacy it should be done by force of arms; is that right?

A Yes, but I didn't actually make the statement on the subject because I didn't have the authority to discuss that sort of thing with the Fuehrer. But it was my own conviction that that was the action which events would have to take.

Q But the effect of the conversation that you yourself related with the Fuehrer, as you say, in the middle of August 1939 was to cause you immediately to tell the Fuehrer what economic preparations should

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be made for war?

A Yes, because that was my duty. If war was about to break out then one had to make the necessary preparations.

Q Yes, but you wouldn't have been afraid to tell the Fuehrer any such thing if the Fuehrer told you that he was going to get a peaceful settlement? How could you suddenly tell him you were going to prepare for war?

A No, because one also had to tell him that certain preparations had to be made in the event of a war.

Q But you just told us you couldn't speak about such matters with the Fuehrer.

A No, but one had to tell the Fuehrer that in the event of an outbreak of war that these, that, and these measures had to be taken for such an emergency.

Q But that means you felt that you were the one that decided that war was likely to come, and that Hitler gave you no such intimation. How could that be?

A Well, no, I personally, and everybody else I knew, was convinced that the solution to the problem could be found in the diplomatic field, but if this should fail it was our duty and my personal duty to see to this, that should war break out that necessary economic preparations were made.

Q But it wasn't for you to suggest to the Fuehrer, was it?

A Well, no. If one discusses that sort of thing with the Fuehrer, and he suggests that the diplomatic effort would succeed whilst on the other hand the possibility of a conflagration cannot altogether be excluded, then it was the duty of the Minister of Economy to put before the Fuehrer such economic measures as I considered necessary.

Q Only because you thought that war was imminent?

A Not because I thought so, but because I visualized that possibility.

Q And the possibility, as you said, was because the British might intervene?

A No; because the Poles, under protection of British guarantee, refused to be reasonable and forced us into war.

Q Now, in connection with the events I asked you about in 1941, put your mind back on that for a moment, will you. Do you remember you said that you knew about the likelihood of an attack upon Russia in June or July of 1941?

A Well, the fact that there was a threat of a war against Russia was known to me in May and June 1941.

Q I want to ask you whether you didn't know it as early as the 20th of April 1941, when there was a decree by the Fuehrer appointing Rosenberg to take charge of eastern territory?

A Well, that I don't know. I don't know whether I have seen that decree.

Q Don't you remember appointing Schlotterer to be your secretary?

A Yes, but I don't remember whether that was on that date.

Q Don't you remember that it was several months before the attack on Russia?

A That I don't know. I can't remember exactly when I detached Schlotterer for duty with Rosenberg, but it must have been after the nomination of Rosenberg. It also tallies with the date of my conversation with Hess towards the end of April. It was during the last days of April in Munich. It was then that Hess asked me whether I was aware of the fact that a war with Russia was threatening.

Q What did you say?

A I said, yes, that sort of thing is being talked about, naturally. And then Hess asked me, as I have told you before, how things stood regarding the Russian deliveries, and whether the loss of such deliveries would not be serious.

Q I want to refresh your recollection. You make it very difficult sometimes. The Fuehrer issued an order on the 20th of April 1941 appointing Rosenberg as a deputy for a centralized treatment of problems concerning the eastern territories?

A I don't know whether I saw that. Well, I don't know. I can't say that. You would have to ascertain whether this decree was passed on to the department. That wasn't so easy in our case.

Q Isn't it a fact that this decree of the 20th of April 1941 by the Fuehrer was a very secret decree which was shown only to Goering,

Funk and Keitel?

A I don't know that. If you say so it must be correct. But I don't remember it; I don't know.

Q Look, you keep saying that you knew nothing about high policy and that you were only a small man in effect.

A Yes, I was.

Q Now here we have a decree which is the first step towards the preparation of the war against Russia, and the only people in the Reich who were permitted to see it were Hitler, Lammers, that is the State Secretary, Keitel, Chief of the OKW, Goering, the delegate for the Four Year Plan, and yourself.

A In that case it must have been that this decree was only sent to the

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ministers who were members of the Defense Council of the Reich, and I was one of them, and that is possible.

Q. But regardless of that, I want to ask you now whether you don't remember seeing the decree as early as two months before the attack on Russia?

A. Well, yes, if it has been ascertained that it has been sent to me I must have seen it, but I cannot now remember that. It is possible, but I cannot deny it; it is so long ago.

Q. In any event, based on this decree or based on this conference with Hess, and the other knowledge you had before that conversation, it is clear that in April 1941, you knew that a war with Russia was in contemplation?

A. That a conflict with Russia was threatening.

Q. And you knew that you had to mobilize your resources for an attack on Russia within a reasonable period of time?

A. Well, I didn't have any mobilizing to do in that connection. All I had to do was to place at Rosenberg's disposal Schlotterer and various other people when his ministry opened. I couldn't introduce any measures in economy in this particular case. All this could concern was the strengthening of armament, which was not under my jurisdiction; but it was Goering's and the OKW's concern.

Q. But it also had to do with the exploitation of the eastern territory after it was occupied?

A. Yes, but that was a task for the Four Year Plan.

Q. In which you appointed Schlotterer to cooperate with Rosenberg?

A. Yes. I delegated him to Rosenberg, and Rosenberg, as far as these parts were concerned, were also subordinate to the Four Year Plan; because the only department which could give orders in that connection on economic subjects was the Four Year Plan.

Q. But Schlotterer was put in there to be an economic advisor to the whole problem of the taking of properties out of the eastern countries, was he not?

A. Yes, but only so far as the east. And as far as Rosenberg was concerned, I tried to avoid that Rosenberg should open a new organization, which is what he was proposing to do.

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Q Why were you against that?

A. Because this would have created another ministerial competitor on economic questions. We had enough competitors. We had the Four Year Plan, and this would have introduced another one.

Q. So that you didn't want to give up the jurisdiction over economic matters in the eastern territories to Rosenberg; is that it?

A. Well, jurisdiction isn't right. I wanted to avoid yet a new organization, and the handling of the matter was Rosenberg's concern. Therefore I detached Schlotterer and various other people to Rosenberg's office, and they did of course retain their connections with my office.

Q. What kind of connections did they continue to have with you?

A. They concerned mainly the collecting of consumer goods, because the raw material questions and some such business was handled by the Four Year Plan, in particular Pleiger. It was together with Rosenberg that we created those firms in the east, that is to say, we took firms in the Reich who had to carry out business in the occupied eastern territories. They had to buy out of their own funds. But nothing much materialized because the Army had already collected a very considerable amount of things. And as far as the important materials were concerned, such as coal, oil, etc., that was already being handled by the Four Year Plan and taken out. And the only subject on which I cooperated with Rosenberg, as far as the eastern territories were concerned, was that of these firms. But matters of an important nature, such as the collection of factories, smelting works, electric works, etc., that was dealt with outside the Ministry of Economics and I believe also outside of Rosenberg's organization.

Q. But there is evidence, Funk, that every firm that got anything in the east had to go to you and Goering and get the agreement of both of you before they could do anything.

A. No.

Q. Now, in connection with consumer goods that you controlled, were coal mines included in that?

A. No. Raw materials from occupied territories came under the Four Year Plan.

Q. I am not talking about the occupied territory; I am talking about in general.

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A. Oh, I see. In 1941, coal mines in Germany still came under the Ministry of Economics.

Q. When did you lose jurisdiction over coal?

A. It was the middle of 1943.

Q. That was at the time when you became a member of the Central Planning Board, was it not?

A. That was the compensation which I was given for taking away from me the production questions.

Q. But up to the end of 1943, when you say you were in charge of consumer industries, you were in charge of coal as well?

A. Yes, until 1943 the coal came under the Minister of Economics.

Q. So that requirements for coal miners, for example, were part of your responsibility?

A. No, I had nothing to do with miners; that was the concern of the Ministry of Work.

Q. Didn't you have to ask for enough miners to keep up the coal production'

A. Well, of course, if the mines were short of workers or had difficulty with the miners they could come to the Minister of Economy and tell him that the were in difficulty and the Minister of Economy then consulted with the Four Year Plan which in turn would settle the matter with the Minister of Labor.

Q. But you had the responsibility then to insure through the Four Year Plan and Ministry of Labor a steady flow of laborers to work the coal mines that were under your jurisdiction?

A. It wasn't my responsibility, but I had to intervene when the coal industry came to me and complained about the shortage of workers. In that connection I would have to take action.

Q. And what kind of workers did you get for this? Were they all German workers or foreign workers or were some prisoners of war or what?

A. What sort of workers eventually arrived in the mines was no concern of mine. That was decided by the Ministry of Labor and later on by Sauckel, and later of Speer claimed additional authority, but I was in no way connected.

Q. When did you first find out that foreign workers were being brought to Germany to work in the coal mines?

A. That is another very difficult question. I assume that when workers became available in Russia some of them were transferred to the German coal industry.

Q. I want to ask you: when did you first find out that the involuntary -- that is, that foreign workers who came against their will were first brought to Germany to work in the coal miles?

(FUNK)

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H1231-0090

H1231 - 0091

A I can't say that at all, because I have never concerned myself with that question.

Q When did you first find out that foreign workers were being brought to Germany against their will in any industry?

A I don't know at all that foreign workers were brought to Germany against their will. That wasn't a task for the Minister of Economy.

Q I didn't ask you whether it was a task for the Minister of Economy; I asked you when you first knew about it. Do you want the record to stand as it is, that you were probably the only man in Germany that didn't know that workers were brought to Germany against their will?

A That could have only been after Sauckel was nominated. It was his task. Before that I never heard that workers in large numbers were forcibly transferred to Germany.

Q Were you ever present in any meeting where the task of Sauckel was defined?

A No, not which were concerned with the nomination of Sauckel.

Q I don't mean the nomination of Sauckel; I mean the discussions concerning Sauckel's functions and what the general program was going to be about labor.

A I believe that the first time that I was present at such discussion was when Speer was already in office.

Q What discussion are you referring to now?

A Such as referred to the transfer of foreign workers on a large scale to Germany by Sauckel.

Q You mean against their will?

A Well, that I don't know. Sauckel never said during such conferences that they were brought in against their will.

Q But you know? I just want to ask you. This is the first question: we will come to something important later. Certainly you knew that such a large number of people -- millions -- couldn't be brought to Germany voluntarily?

A Certainly. Well, yes, but you are referring to the statement by Sauckel that they were transferred against their will. That they did not come voluntarily was something, certainly, one would have to assume.

Q When you were asking for labor on behalf of the coal industry for the Four Year Plan from the Minister of Labor, you knew that among those who would be recruited for those mines would be many who were foreign workers brought involuntarily to Germany?

H1231-0092

A That's right; yes. But there is something else I must say in that connection, that is, that such questions on behalf of the coal mines were made directly by Pleiger to Sauckel and had nothing to do with the Minister of Economy.

Q But you said a little while ago, did you not -- I listened to you very carefully, and it is perfectly clear what you said -- that first you had jurisdiction over the coal mines until late in 1943; second, that the coal mine owners came to you for a labor supply which you in turn would have to request from the Four Year Plan and the Ministry of Labor; is that correct?

A Yes, until Sauckel arrived and until Pleiger became the chief of coal questions. After that it was done by Pleiger independently.

Q Leave out the coal situation for the moment. You also required workers for the consumer industries which were under your jurisdiction; did you not?

A The consumer goods industries were restricted more and more every year. In fact, it had to concede workers to more important industries.

Q As a matter of fact, you were using German workers for security reasons in war production industries and therefore required a substitution of foreign workers in the consumer industries?

A Yes; but certainly no foreign workers on a large scale were used in the consumer goods industry at the beginning.

Q But later? What happened later? Didn't you finally use foreign workers in the consumer industry?

A Yes, but the consumer goods industry was deprived of every worker they could spare. They were deprived of more workers than any other industry. I fought continually against having to lose these workers from the consumer goods industry.

Q Wait a minute. When you went on to this Central Planning Board in the Fall of 1943 did you receive copies of the minutes after that?

H1231-0093

A Yes.

Q As a matter of fact, you were present at many of the meetings, were you not?

A I only joined the meetings of the Central Planning Board when I required something for my own small sector, that is to say, something to do with sport and consumer goods industries, for example, iron, and I had to fight on each occasion to get just a few thousand tons for my consumer goods industry.

Q Yes, but during those meetings you attended you heard, did you not, discussions concerning foreign labor?

A Oh, yes, I did.

Q And you knew from those meetings that the policy was to bring in more and more foreign workers to the Reich against their will?

A Yes, certainly.

Q And you never objected to that, I take it?

A No. Why should I have objected? It was somebody else's task to bring those foreign workers in.

Q Did you believe it was legal to take people against their will from their homes and bring them into Germany?

A Well, many things happen in wartime which aren't strictly legal. I have never racked my brains about that. But there is another thing, and that is, that I tried my best to prevent the importation of too many workers from France, for instance, because we in the consumer goods section were interested to see that their industry at home was kept going.

Q Yes, but what about workers from the East, from the Ukraine, for example; you were interested in getting them into Germany to work, were you not?

A I personally, no.

Q But you were in agreement with the general policy?

A Well, that foreign workers should be brought into Germany from foreign countries, that I considered perfectly proper so that war production could continue and increase. But I was never aware that this was illegal.

Q Do you remember that in France there were collected properties held by enemy property custodians?

H1231 – 0094

A That a custodian for enemy property existed, that is something I know, but I never concerned myself with the questions themselves.

Q Do you remember that there was a decision made in 1943 to utilize the funds in French banks by taking the deposits and putting them into the Aero Bank?

A Yes. Lange made a report on that to me. The vice-president of the Reichsbank, Lange, made a long report to me in which he explained to me that funds which were held under the jurisdiction of the custodian for enemy property were to be transferred to the Aero Bank so as to create liquid funds for war production.

Q That is to say, these deposits stood in French francs, and the deposits were transferred to the Aero Bank, putting at the disposal of the German armament people French francs; is that right?

A No, that is not how I understood it to be. The way I understood it was that these liquid funds which were under the supervision of the custodian for enemy property were to be loosened so that they would be at the disposal of the entire French economic system. In fact, Lange, who was working in France -- I myself never went to France, in fact, I have never been to any occupied territory -- reported to me that the French were extremely pleased with this suggestion.

Q Don't you remember that the purpose was to obtain French francs which would be used to finance the armament industry in France?

A That has never been reported to me in that way.

Q Well, we have a letter from the military administration in France protesting against this transaction; and the Ministry of Economics that you were in favor of it.

A Well, I didn't write that letter. The way it was described to me was that this concerned a transaction in the money market such as did not exist in France, and that the French were extremely pleased to see that such a transaction was being carried out, and nobody mentioned the armament industry in that connection, and a protest was not mentioned to me.

Q You were buying a lot of goods in France at that time, were you not?

A We? Who?

Q You.

A As far as I was concerned I was only interested in consumer goods.

Q But you were also interested in money and exchange, because you were the president of the Reichsbank?

A But that was done on the spot, and in conjunction with the Bank of France they had an official there whose name was Schaefer.

Q But you also had something to do with the Reichsverechnungskassen as well?

A Yes, but I don't know how they came into that transaction. That I don't know.

H1231 - 0095

Q But the fact is that you were in general charge of the following: the Reichsbank, the Reichskreditkassen, and the Reichsverechnungskassen?

A Well, I wasn't chief of the Reichskreditkassen, but it is part of the money system.

Q Well, the whole clearing arrangement, for example, was under your general policy supervision; was it not?

A Yes, but I have never concerned myself with these matters in detail.

Q But now, basically, you were in charge, were you not, of the whole execution from a policy point of view of the clearing arrangements?

A Yes.

Q And as such you had a general policy control over the Reichsverechnungskassen, which were the banks for the clearing?

A Together with the Minister of Finance.

Q So that the question of how much should be exported and how much should be imported was partly within your jurisdiction?

A Yes, with reference to Verrechnungskassen. The jurisdiction of money matters was with the Minister of Finance and not me.

Q But with respect to the amounts of the clearings you had something to do with that; did you not?

A Yes, all this belongs into the problems of foreign trade, which now is handled by me alone, but was centralized and part of the Foreign Office. All departments which were interested in foreign trade were represented in the HPA, which is the trade political board. The chairmanship was held by the Foreign Office, and to this department the Armament Minister and the Minister of Food reported their claims; and the Minister of Finance was concerned with the execution of the program while the Minister of Economy and the Reichsbank were concerned with the technical execution of those matters.

Q So that the question of how much Germany was indebted or should be indebted to these countries was a problem that came within your jurisdiction?

A Not only my responsibility, but all those people concerned, including mine; but particularly the Minister of Finance.

Q But in any event, during these years of the war the amount of debts owed by Germany to these occupied and satellite countries increased

H1231 - 0097

greatly; did it not?

A Yes, but the responsible person for this debt of the Reich was in the first place the Minister of Finance.

Q Did you intend to pay back any of these credits after the war if Germany won?

A Yes, certainly. I have always emphasized that. I have always stated that publicly.

Q Don't you remember a meeting in 1944 in which you stated that it was unnecessary to consider that these debts would have to be repaid in the event of a German victory?

A I don't know what that conference was, but it was my point of view that these clearing debts were genuine debts, and that Germany in the event of a victory would certainly be in a position to repay these debts by supplying goods. But that whenever foreign countries were concerned -- and this is probably what you are talking about now -- the question of reparations should have to be taken into consideration in this connection. But it was my idea that this whole problem of clearing debts would have to be included in the large reconstruction program in Europe.

Q Didn't you tell Hitler in 1944 that there was no intention to pay back these debts in the event that Germany won the war?

A No. How can Hettlager say things like that. Well, if for instance, these countries were to make reparations they could have been used to cancel these clearing debts.

Q That means that you had a clear idea that if Germany won the war you were going to impose reparations on the defeated countries?

A Yes; that they would have to pay some compensation.

Q Do you remember how much you figured out these countries should pay in the event of a German victory?

A I have never imagined any figures; that is quite impossible.

Q Well, don't you remember, for example, that you put forward that England should pay a billion in gold?

A No, I don't know about that.

Q Well now, don't you remember having a meeting on the 22nd of July 1940 at which you presided, with most of the ministers present, at which time you made that suggestion?

A Well, I may have said something like that jokingly, but no reasonable person could imagine that I could have said a thing like that as early as 1940 and be serious about it.

Q As a matter of fact, you stated what you were going to do with this billion in gold, did you not?

A Well, I don't know about that.

Q Well, as a matter of fact you said that you would use it as a manipulation fund for the first imports, and that you would be able to discontinue rationing?

A Whoever said that must have had a vivid imagination. I can't remember this. It is quite unthinkable that one would think anything like that as early as 1940.

Q Don't forget that this was after the victory over France.

A Yes, but this is certainly wrongly represented.

Q Let me see. Weren't you told by Goering on the 22nd of June 1940 that you should do research on the problem of including into the greater German economy all annexed and occupied territory?

A Yes, that is quite right.

Q And immediately after that--

A Yes, Goering gave me a task in that connection.

Q Let me refresh your recollection further then. A month after this commission you received from Goering, didn't you call a meeting of the ministers to discuss these questions?

A Yes, that is possible. That I imagine.

Q Do you remember Ley, Darre and Gross?

A I don't know about Ley.

Q And Wagner, Popitz and Lammers?

A Yes.

Q You do remember the meeting, don't you?

A Yes.

Q And in that meeting, I ask you, didn't you make the statement that you mentioned before, that in the event of a German victory, a billion dollars in gold was to be paid to Germany by England?

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H1231 - 0099

A Well, now, I don't recollect that at all. I can't remember what I said.

Q Do you deny that you said it?

A No, but I can't confirm it either.

Q But if the minutes show it you are ready to accept that as true?

A Yes, certainly, if the minutes say so.

Q Let me ask you further. Didn't you also say this, that the solution of the foreign indebtedness question is necessary to regain freedom of currency?

A Yes, that is quite probable, and it would be right too.

Q And didn't you also say that upon termination of the war there will not be any indebtedness to England, France, Holland or Switzerland?

A That I don't know any more.

Q Yes, but that is what I asked you before, Funk.

A Well, that I do not know any longer. I do not remember these details.

Q These are not details. I asked you before whether in connection with the clearing of debts you had not made the suggestion that it would be unnecessary to pay them in the event of a German victory?

A What I did say was that after a German victory, after the war, Germany would produce so many goods that they could be used to pay off these debts. After all, we couldn't ask Switzerland for reparations.

Q That is exactly the point; you included Switzerland.

A In that case this is being wrongly represented. That would mean that I was crazy. That is quite out of the question, and in that case I deny this because it is wrongly represented.

Q Let me ask you something else: do you remember the gold that the SS was collecting from the concentration camps?

A I have never concerned myself with that gold.

Q Do you remember receiving gold into the Reichsbank from the SS?

A Vice-President Puhl once reported to me that an account for the SS did exist in the Reichsbank, but I never assumed that the Reichsbank could make use of this deposit since it was an account established for the SS.

H1231 - 0100

Q Well, you know, Funk, that as a matter of fact, the Reichsbank sold that gold and converted it into money for the SS?

A I do not know that.

Q You know that at the beginning of the whole transaction you had a conversation with Himmler about it?

A About these questions? No, I never discussed them with Himmler.

Q The testimony is clear that you came back and reported to the Reichsbank directors of a conference that you had with Himmler before the gold was received.

A That is a point which I would certainly remember if I had talked to Himmler about this sort of thing, and I have never talked to him about it.

Q As a matter of fact, you came to people in the Reichsbank, Funk -- see if you can remember this now -- you came to people in the Reichsbank and you told them that you had a conversation with Himmler in which he told you that there was certain gold of the SS that they wanted to put into the Reichsbank, and you instructed that that SS gold be received?

A No, that is not right. That is a wrong statement. I must deny that. I have no recollection of ever having discussed this matter with Himmler.

Q With whom in the SS did you discuss it?

A I have not discussed any such matter with anybody in the SS. Puhl merely made a report to me that such an account for the SS existed.

Q What was the reason for such a report? What was strange about this account?

A Puhl made that report to me together with other current reports, and I now remember exactly what he said. He said, we have also got a deposit from the SS, but I don't know what is in it.

It never occurred to me, however, that any such deposit could possibly be used by the Reichsbank.

Q But how many deposits do you have in the Reichsbank? You must have had thousands.

H1231-0101

A Yes, certainly, but such deposits as this there was only one like that.

Q Like what?

A Well, a deposit which contained gold and foreign currency, although I don't know what was in them, really. The same question arose, for instance, when the problem arose where we were to take in gold from Holland. Once more my attitude was that this would have to be made a deposit which was not to get mixed up with the current accounts of the Reichsbank. And Puhl

(FUNK)

and Wilhelm will be able to confirm that.

Q Yes, but the fact is this, that you knew there was gold in those accounts, didn't you--the SS accounts?

A Yes, that was reported to me by Puhl.

Q Puhl also told you, didn't he, that that gold consisted of gold teeth and other kinds of gold articles,--gold watches and all the gold that was taken from the people in concentration camps?

A I don't recollect that Puhl told me anything like that. Puhl even told me, if I remember rightly, I don't want to know what is in that deposit.

Q And were you in agreement that you didn't want to know what was in that?

A We didn't generally look into the deposits, and that was a deposit of the SS. And that these things came from concentration camps Puhl certainly did not tell me.

Q Why didn't you want to look into it?

A Me?

Q Yes.

A I have never concerned myself with these matters in detail.

Q What did you understand from Puhl when he said he didn't want to know what was in there?

A Well, probably that he was of the opinion that as this came from the SS this was a matter we had better not concern ourselves with, and it remained in the possession of the SS and was not transferred to the Reichsbank; it was a deposit; it did not become the property of the Reichsbank.

Q But Puhl came to you and asked your permission to retain this deposit; is that right?

A No. He only told me that the SS was opening such a deposit in the Reichsbank. The question of retaining it or not retaining it never cropped up; he simply reported to me together with other current affairs that a deposit was being opened by the SS.

Q But you knew that the account did not stand in the name of the SS, didn't you?

A No; to the contrary, I understood that was in the name of the SS.

H1231-0102

H1231-0103

Q You knew it was in the name of a person and not in the name of the SS?

A No, I did not know that.

Q That is what he was telling you, Puhl, didn't he?

A No, he did not mention the name to me; all he told me was, this is a deposit from the SS.

Q Why wouldn't it interest you?

A Well, because it is not a common occurrence that a political organization opened a deposit in the Reichsbank, and Puhl must have considered that this was something he ought to inform me about.

Q Returning for a moment to this question of the fine against the Jews that we discussed in 1938, Funk, you were a party to all the laws that were put into effect in November 1938 after the Cristar Week?

A I was only participating so far as the legal rulings of the Jewish property was concerned. So far as the fine was concerned I had not participated in that. This was a matter for the minister of finance.

Q All the decrees excluding the Jews from industry were yours, were they not?

A Yes. We had to do this because otherwise Jewish property would have been free for everybody to loot, and we had to do something to protect it. And it was my proposal that the Jews should be allowed to retain any shareholdings, and that any property which they had to give over to other people they would receive an interest from the recipient. And their retaining their shareholdings, their retention of their shareholdings, was refused by Goering during a meeting, and so far as the interests ontheir property was concerned that was later on refused by the minister of finance. I must explain something to you in this connection. So far as my participation in this Jewish affair is concerned, that was my responsibility and I have regretted it later on that I ever did participate. The Party had always brought pressure to bear on me previously to make me agree to the confiscation of Jewish property, and I had refused repeatedly, But later on, when the anti-Jewish measures and the force used against the Jews came into force, something legal had to be done to prevent the looting and confiscation of all Jewish property.

Q You know that the looting and all that was done at the instigation of the Party, don't you?

(Here witness weeps)

A Yes, most certainly. That is when I should have left in 1938. Of that I am guilty. I am guilty. I admit that I am a guilty party here.

Q Well, now, just to make the record clear, this law which prohibited Jews from operating retail stores and wholesale establishments and other things was a law that you drafted yourself, was it not?

A Yes, because we had to make such legislation simply because if we hadn't done it the Jews would have been subjected to uncontrolled looting as had already been done. All that was a point as the result of which I should have resigned.

Q As a matter of fact, you predicted as the result of these decrees and other things that the Reich would become the possessor of a half billion shares of capital stock?

A Yes, that was my estimation of the Jewish property. But to start with--and this must be in the document--I demanded at the beginning of this affair that the shares should not be taken away from them.

Q Tell me, Funk, these measures against the Jews, weren't they taken at that time in 1938 partly as a preparation for the war, because you didn't want any important parts of the German industry to be under the control of Jews when the war came?

A I had never thought at that time that a war could happen. After all, that was in 1938.

Q In any event, with respect to the fine of a billion marks, you were present at the meeting where that was discussed, weren't you?

A Yes. It came from Goering or the minister of finance, and the minister of finance carried it out.

(FUNK)

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H1231-0104

Q Well, now, just to come back to something that I was asking you about before, when you put Schlotterer into Rosenberg's ministry, how often did you see him after that?

A Very rarely.

Q But he was to report to you generally as your deputy, wasn't he?

A But that was generally done by my state secretary, Landfriede. I personally received Schlotterer very rarely to make reports.

Q In connection with the fixing of the occupation costs, you were concerned, were you not, as the president of the Reichsbank?

A Yes. They were fixed by the minister of finance and the OKW. And this is another point: I have always advocated a reasonable figure for these occupation costs so as to prevent the overdrawing of the French,

(FUNK)

H1231-0105

overburdening of the French currency. And these monies were used to buy in France.

Q What do you mean by that, Funk, that the occupation monies were used? Levies were used to purchase goods in France; is that what you mean?

A Yes, certainly. The army must have used it for that purpose. Where would they have gotten the money otherwise? How was it possible otherwise that the army formations and Luftwaffe could make these purchases whilst I was fighting a continuous fight against the arrangements?

Q As a matter of fact, the plan was to buy goods on the black market in France, wasn't it?

A Yes, and where would they have had the money from otherwise? It must have come from the occupation costs in France.

Q That means then, that if they had no other money available, when they needed goods to bring into Germany they would have to use occupation money for the purchases?

A Well, it wasn't as clear as that, but the separate army formations must have been in the position of financial means not controlled by us which they must have used for these purposes. My state secretary, Hiller, Puhl, and Landfriede, if you interrogate them, will back me up and confirm that I have always fought against exploitation and against the fact that these means would be used to buy out these foreign countries.

Q Do you consider these men to be truthful men, Hiller, Puhl, and Landfriede?

A Yes, I would. They will confirm that, and I sent dozens of letters on that subject to Goering, the Minister of Finance, Lammers, Bormann, and all these people, asking them not to break the financial system in these countries.

Q Yes, but you know that purchases were being made through these various corporations, including the Rogus Corporation, with monies obtained from occupation levies?

A Yes, but Rogus was a controlled affair. That I believe was controlled, and these were regular business matters.

H1231-0106

Q But where did Rogus get the money to make his purchases?

A They must have received these monies from the ministry of economy. That was a matter which was controlled. These monies must have been allotted to them for the purpose of making regular purchases.

Q But I want to ask you, wasn't part of the money that they used monies which were obtained from occupation levies against the French?

A So far as these normal purchases were concerned, certainly not; they were done via clearing. These were controlled purchases controlled by the Ministry of Economy.

Q Well, the amount of the clearing purchases though was dicated by the Reich, were they not?

A You can't say dictated; you can say granted.

Q But the point is that the German Reich owed three accounts already, and weren't you in effect making these people give further credit to Germany?

A Yes, but these purchases were part of normal business and something was supplied in exchange.

Q But that is silly, because the net balance was always in favor of Germany?

A Yes, always passive. But what I want to say is that any part of the occupation costs which were expended were used for the army formations and used by the buyers and crooks etc., We were always wondering where the financial means for these giant purchases were coming from.

Q Well, did you ask anybody about them?

A We always tried to find out where they came from, but in vain. We didn't know who was using them. It must have been the Minister of Finance.

Q We will come back to thise some other time, Funk. I want to ask you one thing. Do you remember that in your discussion in the spring of 1941 with respect to the war against Russia that there was a date fixed of the 15th of May as the date on which all preparations had been finished - as early as the time you were discussing it in April?

A Nobody knew about a date.

Q Well, didn't you ever see an order from Hitler as far back as December 1940, December 18, 1940, saying that all long-term preparations would have to be finished for the Russian war by the 15th of May 1945?

A No, I have never seen such an order from Hitler.

Q You still say that the first time you heard about the proposed war with the Russians was in April 1941?

A Yes, approximately April 1941.

---oOo---

APPROVED:

_____

/s/ W. FRACK
(Interpreter)

/s/ JOHN WM. GUNSSER
(Reporter)

(FUNK)

H1231-0108

TRANSLATION OF DOCUMENT 2194 PS
OFFICE OF U.S. CHIEF OF COUNSEL

REICH DEFENSE LAW

G-300
Top Secret

The Ministry for Economy and Labor Saxony
Dresden and 6 for September 1939
Tel: 52151/Lang Distance 52051

Ref: Wbv:407g

To the Reich Protector in Bohemia and Maravia
Transportatinn Section,
Attention of Construction Chief, Counsellor Hirches
or Representative in the Office.

P R A G

(STAMP) The Reich Protector in Bohemia and Moravia received, Prag, 5 Sept. 1939, No. 274

Enclosed please find a copy of the Reich Defense Law of 4 Sept. 1938 and a copy each of the decrees of the Reichsminister of Transportation dated 7 October 1938--RL/310.2212/38, Top Secret--and of 17 July 1939--RL/LV 1.2173/39, Top Secret, for your information and observance. By order --

3 Encl.:

SIGNED: Kretzschmar.

Completed at Dresden 4 September 1939.

3 Enclosures.

SIGNED: Schneider.

Receipt for the letter of 4 September 1939, Wbv:407g with 3 enclosures signed 5 September 1939 and returned to Construction Counsellor Kretzschmar.

File: Wbv

SIGNED: HI.

- - - -

1. It remains prohibited to cite the Reich Defense Law in public or in connection with laws to be promulgated, as well as publication of the contents of the law in its entirety.

2. It is permitted

   a. the mention of all installations founded on the Reich Defense Law and their functions in public without referring to the law;

   b. the cosignature of laws which are prepared and announced in peacetime for war.

Deputy

Signed Baur.

SECRET STATE MATTER!

To GRS Nr. 10/39

Enclosure for RL/LV. I. 2801/39 g.

The Reich Traffic Minister

Berlin, W, 8, the 7th October 1938
Wilhelmstrasse 80.

RL/W 10. 2212/38 secret state matter

47 and 3 copies

Examination Nr. 49

To the following Reich and State authorities from whom have bee n ordered

(a) deputies for water ways,

(b) deputies for the local traffic,

(c) Deputies for ocean traffic

- but especially -

Subject: Reich Defense Law (Reichsverteidigungsgesetz).

Enclosed is transmitted copy of the Reich Defense Law signed by the leader and Reich chancellor on 4 September 1938. The promulgation remains suspended.

Deputy

Signed Baur

To Wbv.: 407g.

TOP MILITARY SECRET

To GRS Nr. 10/39

1432

Reich Defense Law (Reichsverteidigungsgesetz).

of 4 September 1938.

The Reich cabinet has decided on the following law which is announced herewith.

I. State of Defense

par. 1

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(1) As possessor of the complete power of state, the leader and Reich chancellor can decree for the Reich territory or its parts a "State of Defense".

(2) If the political situation demands it the leader and Reich Chancellor decrees the "Mobilization". The mobilization can be limited to a part of the Reich or of the armed forces.

par. 2

(1) Once the territory of operation is determined the chief of the army and the commanders of the armies have upon declaration of the state of defense without further order the authority to exercise executive power in this operational territory.

(2) The commanders exercising executive powers can, effective for the territory of operations, promulgate laws, institute special courts, and issue directives to the officials and offices competent in the territory of operations, with the exception of the supreme Reich officials, the supreme Prussian country officials, and the Reich leaders of the NSDAP. The lawfulness of directives precedes directives from otherwise superior offices.

(3) The boundaries of the territory of operations are determined by the supreme commander of the armed forces.

(4) Special directives for the case of a surprise threat to the Reich territory.

If a part of the Reich territory is surprised by a military threat, and if special decrees for defense against this danger cannot be awaited, then the commanders of the imperiled service commands(Wehrkreise) have the right to issue the directives which cannot be delayed and which are necessary for the protection of the imperiled territory to all non-military offices within their sphere of command. The same rights apply to the commanding admirals of the Navy in case of surprise threats against the coastal territory, and to the commanders of air districts in case of surprise attacks from the air within the framework of their war tasks. The execution of these directives has precedence over the other commitments and the directives of superior offices. The named commanders can transmit their right of issuing directives to subordinate officers down to the village counsellor (Standortaeltester).

Par. 3

(1) With the declaration of the state of defense the plenipotentiaries for the Reich administration ("Generalbevollmaechtigte fuer die Reichsverwaltung" GBV) named by the leader and Reich chancellor takes over the uniform leadership of the non-military administration with exception of the economic administration.

To him are subordinate

the Reich minister of the Interior

the Reich minister of Law

the Reich minister for science, education and popular education,

the Reich minister for religious matters

the Reich office for regional order (Raumordnung).

(2) The GBV must comply with the demands of the supreme command of the armed forces (OKW) which are of considerable importance for the armed forces. If the demands cannot be brought in accord with the affairs of the Reich administration the leader and Reich chancellor makes the decision.

(3) The GBV has the right within his sphere to issue laws with the accord of the OKW and GBW which differ from the existing laws.

Par. 4

H1231-0111

(1) With the declaration of the state of defense the chief deputy for economics ("Generalbevollmaechtigte fuer die Wirtschaft" GBW), appointed by the leader and Reich chancellor, takes over the direction of the economy except for the armament industry.

(2) It is the task of the GBW to put all economic forces into the service of the Reich defense, and to safeguard economically the life of the German nation To him are subordinate

the Reich minister of economics,

the Reich minister fo nutrition and agriculture,

the Reich minister of work,

the Reich chief of forestry,

the Reich commissar for price control.

He is furthermore responsible for directing the financing of the Reich defense within the realm of the Reich finance ministry and the Reich bank.

(3) The GBW must carry out the demands of the OKW which are of considerable importance for the armed forces; and he must insure the economic conditions for the production of the armament industry directed immediately by the OKW according to its demands. If the demands of the armed forces cannot be brought into accord with the affairs of economy, then the leader and Reich chancellor decides.

(4) The GBW has the right within his sphere to issue laws with the consent of the OKW and GBV which differ from the existing laws.

Par. 5

(1) The Reich postal minister, the Reich transportation minister, and the general inspector for the German road net are, with the declaration of the state of defense, bound to the demands of the OKW for the immediate affairs of the armed forces.

(2) The following will get orders from the OKW:

(a) the Reich transportation minister for the use of means of transportation,

(b) the Reich postal minister for the use and distribution of the complete communication connections to the armed forces and the other agencies.

(3) The Reich transportation minister must comply, with the declaration of the state of defense, with the demands of the GBW according to the directives given to him by the OKW for the use of the means of transportation.

(4) In the spheres of the Reich postal minister, of the Reich transportation minister, and of the general inspector for the German road net, the chief of the OKW has the right to promulgate laws in accord with the GBW and GBV which differ from the existing laws.

Par. 6

The Reich ministers and chief Reich offices carry out the task within their spheres on their own responsibility, regardless of the special competence of the chief of the OkW, of the GBV, and of the GBW, according to paragraphs 3, 4 and 5

Par 7

For the shaping of the political will of the people the deputy of the leader of the NSDAP is responsible. He uses for that the NSDAP, its formations and coordinated units.

II. State of War

Par 8

(1) If the fight with an external enemy is forced upon the German people, the leader and Reich chancellor declares the state of war.

(2) With declaration of the state of war the war laws and war decrees come into force without further order. The legal consequences provided in other laws for the state of war become effective.

par. 9

If the state of defense is not already declared beforehand the decrees about the state of defense go into effect with declaration of the state of war.

III. Preparatory Measures

par 10

The Reich Defense Counsel (Reichsverteidigungsrat (RVR):

(1) The task of the Reich Defense Counsel consists in peace time in the decision on all measures for the preparation of the Reich defense and the gathering together of all forces and means of the nation according to the directions of the leader and Reich chancellor. The tasks of the RVR in war time will be specially determined by the leader and Reich chancellor.

(2) The leader and Reich chancellor is chairman in the RVR. His permanent deputy is general field marshall Goering. He has the right to call conferences of the RVR. Permanent members of the RVR are

the Reich minister of air and supreme commander of the air force,
the supreme commander of the army,
the supreme commander of the navy
the chief of the OKW
the deputy of the leader;
the Reich minister and chief of the Reich chancellory
the president of the secret cabinet council,
the chief plenipotentiary for the Reich administration,
the chief plenipotentiary for economics,
the Reich minister of foreign affairs,
the Reich minister of the interior,
the Reich finance minister
the Reich minister for popular enlightenment and propaganda,
the president of the Reich bank directory.

The other Reich ministers and the Reich offices directly subordinate to the leader and Reich chancellor are consulted if necessary. Further personalities can be called as the case demands.

par 11

The Reich defense Committee (Reichsverteidigungsausschuss RV):

(1) The Reich defense committee is the working committee of the RVR. It prepares the decisions of the RVR, sees to their execution, and secures collaboration between armed forces, chief Reich offices, and party.

(2) Presiding is the chief of the OKW. He regulates the activity of the committee and gives the directions to the GBV and GBW and to the Reich ministries not subordinated to them and to the chief Reich offices according to the decisions of the RVR, which directions are necessary for securing their uniform execution.

(3) The RVR is composed of the OKW, deputy of the commissioner for the four year plan, the leader staffs of the GBV and GBW, and the Reich Defense officials.

(4) Chief office officials for the Reich defense (RV-Referenten) and their deputies are commissioned by the deputy of the leader, by the Reich chancellory, by each Reich ministry, by the Reich leader of the SS and chief of the German police, by the Reich work leader, by the Reich forest master, by the chief inspector for the German road net, by the Reich office for reginnal order, by the Reich bank directory, and in the Prussian state ministry. The RV-Referent and his deputy are immediately subordinate to the minister or the state secretary, and to the chief of the Reich office, resp.

par 12

The uniformity of the preparations for the start and the course of the mobilization is sedured by the OKW.

As regards the actual formulation of the preparations, the GBV and GBW make the arrangements for their sphere.

par 13

the Chief Plenipotentiary for the Reich Administration (GBV):

The GBV conducts the preparations for the Reich defense in the sphere of the ministries and Reich offices subordinate to him according to paragraph 3. They are bound by his directions already in peace time.

par 14

the Chief Plenipotentiary for Ecohomics (GBW):

(1) The GBW conducts the economic preparations for the Reich defense as far as they do not come in the sphere of the OKW as regards the armament industry.

(2) The GBW must secure the economic conditions for the production of the armament industry immediately directed by the OKW according to its demands.

(3) The ministries and Reich offices named in paragraph 4 (2) are, within the framework of these directives, already bound for the preparation of the Reich defense to the directions of the GBW, the Reich transportation minister to his demands according to paragraphs5 (3).

IV. Final Directions

par .5

Penal Directions.

Whoever acts against the orders of a decree promulgated on the basis of this law, on purpose or negligently, will be punished with a jail sentence and money fine or with one of these punishments, if the act is not punishable with a heavier sentence according to other decrees.

par . 16

Execution and Completion Directives.

The OKW promulgates in agreement with GBV and GBW the law and administrative directives necessary for the execution and completion of this law.

par 17

The law takes effect immediately.

Berchtesgaden, the 4th September 1938.

The leader and Reich chancellor
signed Adolf Hitler

signed Goering
General Field Marshall

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The deputy of the leader
signed R. Hess

The Reich Minister of the Interior
signed Frick

The Chief Plenipotentiary for Economics
signed Walter Funk

The Reich Foreign Minister
signed Ribbentrop

The Chief of the OKW
signed Keitel

The Reich Minister and Chief of the Reich Chancellory
signed Dr. Lammers

Berchtesgaden, the 4 September 1938

Note to the Reich Defense Law

1. The Publications of the Reich Defense Law of 4 Sept. 1938, remains suspended

2. The following laws and Cabinet decisions are repeated effective immediately

   A. Reich Defense Law of 21 May 1935.

   B. Decision of the Reich Cabinet of 4 April 1933 to form a Reich Defense Counsel.

   C. Rectification and completion of 13 Dec. 1934 of the decision of the Reich Cabinet of 4 Apr. 1933.

   D. Decision of the Reich Cabinet of 21 May 1935 on activity of the CB in peace times.

The Leader and Reich Chancellory
(signed) Adolf Hitler

The Reich Minister and Chief
of Reich Chancellory
(signed) Dr. Lammers.

CERTIFICATE OF TRANSLATION
OF DOCUMENT NO. 2194 PS

3 January 1946

I, A. BREINER, X-046349, Civilian, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document No. 2194 PS.

A. BREINER
Civilian
X-046349

H1231-0115

Exhibit USA 661 Filed Jan. 11, 1946

PARTIAL TRANSLATION OF DOCUMENT 3324-PS
OFFICE OF U.S. CHIEF OF COUNSEL

PARTS OF PP.-62 -63 (As indicated)
First October Issue
(No. 3 of the entire senes)

GERMANY IN THE FIGHT

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Supreme Command of the Armed Forces

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Page 62, Line 1 to line 4)

FUNK on the organisation of the war economy.

14 Oct, 1939.

Reichminister for Economy FUNK, who stayed in VIENNA for the opening of the first war fair (Kriegsmeese) of Greater Germany, spoke during a rally of the Eastern (Ostmaerkischen) Economy on the organisation and tasks of the German war economy, and explained in his speech among other things:

X X X X X X X X X X X X X X

(Page 62, Line 26 to Line 38)

Now I wish to explain to you a few facts about the organisation and the tasks of the German war economy in order, that you will be able to understand the necessity and the goal of our war economic measures. Generalfeldmarschall GOERING emphasized with special vigor in his great, policy-making speech of 9 September how much depends on the fact, that the complete employment of the living and fighting power of the nation be secured economically as well as otherwise for the duration of the war. Just as in military armament, we have also in economic armament a great advantage over our opponents. Not only the political and the military, but also the economic calculations of our enemies were wrong and these calculations were thrown into complete confusion by the treaties made with RUSSIA. It is known that the German war potential has been strengthened very considerably by the conquest of POLAND. We owe it mainly to the Four Year Plan, that we could enter the war economically so strong and

H1231-0117

Exhibit USA 661
Filed Jan. 11, 1946

TRANSLATION OF DOCUMENT NO.PS-3324
OFFICE OF U.S. CHIEF OF COUNSEL
(cont.).

well prepared.

X X X X X X X X X X

(Page 63, Line 6 to Line 20)

One can evaluate correctly, what the Four Year Plan means for the economic preparation of war, only when one considers, that the Four Year Plan does not include only the food and raw material economy, only the entire undustrial economic life, but that it also includes foreign commerce, money and foreign-exchange economy and finance, so that the entire economic life and production in Germany is suthoritatively determined and executed by this plan. Although all the economic and financial departments were harnessed in the tasks and work of the Four Year Plan under the leadership of Generalfeldmarschall Goering, the war economic preparation of Germany has also been advanced in secret in another sector for well over a year, namely by means of the formation of a national guiding apparatus for the special war economic tasks, which had to be mastered at that moment, when the condition of war became a fact. For this work as well all economic departments were combined into one administrative authority, namely under the general plenipotentiary for economy, to which position the FUEHRER appointed me approximately one and a half years ago.

X X X X X X X X X X

CERTIFICATE OF TRANSLATION
OF DOCUMENT NO.PS-3324 3.1.46.

I, A.Flandreau, Civ., 046305, hereby certify, that I am thoraughly conversant with the English and German languages, and that the above is a true and correct translation of Document No.PS-3324.

A. Flandreau
Civ., 046305

H1231-0118

TRANSLATION OF DOCUMENT 1301-PS
OFFICE OF U.S. CHIEF OF COUNSEL

Financing of the armament

The following explanations take as their premise the fact, that the execution of the armament program is by its speed and extent the mission of German policy, that everything else therefore must be subordinated to this purpose, unless the neglect of other questions would endanger the main goal. Even after 16 March 1935, the difficulty continues to exist, that one cannot attempt the influencing of the German people by propaganda for support of the armament, without endangering internationally our position. The financing of the armament program, already almost impossible, is being made especially difficult by that.

Further another prerequisite must be presented. The printing press can only be used for the financing of armament to the extent which the maintenance of money value allows. Each inflation increases the prices of foreign raw materials; and increases the prices within the country; thus it is a snake, which bites its tail. The fact that our armament had to be camouflaged completely until 16 March 1935, and for the biggest part even afterwards, has led to that, that the printing press has already been made use of at the start of the armament program; whereas it would have been natural to put it at the final point of the financing. Of the 3775 millions in the portfolio of the Reichsbank plus 866 millions set aside in bills of exchange=total of 4641 millions, the bills of exchange to finance armament represent 2374 millions (status of 30 April 1935). The Reichsbank has invested most of the German mark sums, available to its administration and belonging to foreigners, in armament bills of exchange. Thus our armament was partly financed with the property of our political opponents. Also used for the financing of the armament program were the 500 millions RM, which came together through the Reich loan placed at the savings banks in Jan 1935. In the regular budget the following amounts were provided for the armed forces: fiscal year 1933/34 RM 750 millions, fiscal year 1934/35 RM 1100 millions, fiscal year 1935/36 RM 2500 millions.

The sum of the deficits of the budgets increase since 1928, according to the estimate 1935/36, up to 5 to 6 billions RM. At present this total deficit is already being financed by short-term credits from the money market. Thus it already burdens in this amount the possibilities of use of the public market for armament. The Reich Minister of Finance is justified in saying in his budget explanations: "Since an annual deficit.....is an impossibility permanently, since one cannot count with certainty an increased tax income, covering the deficit and other previous debts; since on the other hand only a balanced budget offers a secure basis for our great future task in the armament policy, fundamentally and consciously--a budget policy must be followed, which will solve the problem of financing of armament by organic and planned decrease of other expenses, not only from the point of view of income, but also of expenses, that means saving."

How urgent this demand is can further be construed from the fact that an unending number of tasks were attached and are in the process of execution of state and party, all of which cannot be covered by the budget but by subscriptions and credits, which must be raised beside the regular taxes by business. This simultaneous existence of various budgets, which however all serve a more or less public purpose, present the greatest obstacle to the gaining of a clear picture of the financing possibilities of armament. A whole series of ministries and numerous agencies of the party have their own budget in addition to their share of the Reich budget, and thus accordingly income and expense possibilities, which, although they are based on the financial sovereignty of the state, are not subordinated to the control of the Minister of Finance and thus also not to the control of the cabinet. Exactly

as in the field of politics, the too far reaching delegation of legislative authority to individuals in Germany has led to the condition of many states within the state, thus the condition of parallelism and divergence (Nebeneinander and Gegeneinander) of numerous state and party agencies has absolutely a disasterous effect on the financing possibility of armament. If in this field, no concentration and no unified control is introduced finally, one must fear the worst for the solution of the almost impossible task of financing of armament.

Thus the following tasks result:

1) A commissioner must at first determine all sources and incomes, which are derived from Reich, State and Party funds, as well as from profits of public or party enterprises.
2) Then, a commission appointed by the FUEHRER must investigate how those funds were used up to now, and how much can be taken from these funds in the future from their present purpose, and made available to the financing of armament.
3) The same commission has to examine the assets of all public and official party organizations, how the assets have been invested, and to what extent these assets can be utilized for the financing of armament.
4) The Reichministry of Finance is to be commissioned to investigate the possibilities of an increased tax income by the introduction of new taxes or the increase of existing tax rates.

The financing of armament previously by the Reich Bank was a necessity under the existing political conditions, and the political success has proved the correctness of this action. However now, other methods of financing of armament must be attempted under all conditions. With that, all not absolutely necessary expenses in other fields must be refrained from, and the entire, actually small, financial power of Germany must be concentrated on this one goal, the financing of armament. Whether the financial problem will succeed with this method of approach, is as yet doubtful, but without such concentration it will fail with certainty.

on the supply situation in the field of fuels and its effect on the Wehrmacht.

The simultaneous throttling and blocking of foreign sources of liquid fuel has caused an increasingly critical situation of supply of the German market since the beginning of the year 1936.

This situation calls for a description of the serious effects on the preparedness for action of the Wehrmacht and of the extraordinary measures which necessitate a decision in this matter.

The supply of the Wehrmacht is based on the home production, the reserves which can be made available in case of mobilization and the foreign imports which still for some time must fill the present gaps of supply.

I. The German production.

The anticipating measures taken during the last 2 years by the Reich Cabinet to increase the home production of fuel, will not bring about an essential improvement of the supply situation during the current year because of the time required for factory construction and the uninterrupted increase of demand, but cannot bring an appreciable relief until the year 1938. The list in enclosure 1 of the requirements in case of mobilization and of the supply of these requirements by production, as well as the graphs added to the other enclosures, show the influence to be expected from the German production on the entire supply.

The expanding German production favors mainly light fuels, especially fuel for airplanes, and in addition, oil for airplane engines. As to the other kinds required by the Wehrmacht in case of war, we cannot expect any improvement for the time being; as to heating oils it may be anticipated that the situation will deteriorate. The development of new processes (Uhde and Pott), the extent of which will shortly permit an opinion, offers certain possibilities of auxiliary supply which do not appear on the graphs, because the extent of the production possible until 1938 cannot yet be foreseen.

The inadequacy of the supply on the basis of home production is a fact which cannot be eliminated during the next 2 - 3 years, even with the greatest efforts and in spite of the planning started for additional expansion of production.

II. Reserves.

To assure the requirements of the Wehrmacht it becomes necessary to bridge the supply gaps by reserves. For the first period of mobilization the Wehrmacht relies on the reserves of business, especially of great importing corporations, which also in peace time consider stored reserves for about 3 months as indispensable for smooth distribution. The Wehrmacht ought to be enabled to count on the amount of these reserves remaining constant.

Beyond that the Wehrmacht accumulates its own reserves in large storage houses so that considerable national reserves will be available as buffers in case of supply difficulties.

III. Dependency of the overall supply on imports.

The obstacles to importing encountered to a large extent during the last weeks, and which have been brought about by an accumulation of economic-political events in foreign trade,

endanger not only the maintenance of industrial reserves but also the continuation of the storage policy of the Wehrmacht. They shake the very foundations of the motorization program of industry and consequently also of Wehrmacht mobilization of mechanized vehicles to the extent planned for the case of war.

In particular large gaps have been opened:
1) due to the Russian prohibition of exporting petroleum, by which the benzol-association supplying about 20% of the German market got into considerable difficulties.
2) due to suddenly considerably increased demands of the Rumanians, who offer fuel only in exchange for foreign bills proper (Bardevisen) and/or at greatly increased prices in marks. The contribution of Rumanian imports to the supply of German requirements was 40% during the last year. The firm Olex which contributes 11% to the German market has already been forced, due to the obstruction of Rumanian deliveries, to decrease its business considerably and will face a close-down of its market supply if relief is not procured before June 1936. Due to this reduction of imports similar stoppages are to be expected by the other great organizations of distribution during the same period.

IV. Means to secure the supply.

In considering how to meet the situation the following devices are unbearable for the Wehrmacht:

1) Reduction of mechanized traffic because this would, in addition to precarious economic and psychological effects, bring about a throttling of German motorization, which in view of the requirements of the Wehrmacht in case of war, would be a shock to mobility and supply of replacements.
2) Just as undesirable is to be considered the diminishing of reserves. The industrial reserves constitute the basis for mobilization, which has to rely on firm figures which remain about constant. As a decrease of reserves has already started, the further development in this direction is to be counteracted immediately. Aid from the reserves of the Wehrmacht cannot be granted because these modest quantities being ultimate reserves cannot be diminished under any circumstances.

Consequently, only the following means are to be considered:
1) Conceding to the Rumanian demands of paying imports in marks on a considerably raised price-basis,
2) Additional payments in foreign bills proper (Bardevisen) of imports from Anglo-Saxon countries.
3) Investigation to what extent an improvement can be achieved by accelerating or expanding the facilities for German production.

The first course has been followed by the authorization to negotiate new contracts on the basis of the Rumanian demands, [illegible] punctual delivery to the market. Moreover, is not yet assured hereby

Re 2.) Foreign bills (Devisen) for the minimum of the indispensable import requirements can probably be obtained only by restriction of import of other necessities. The narrow limits of the presently assured raw materials for armament do not allow for a decrease of such imports which are indispensable for the Wehrmacht. In particular we cannot do without the necessary quantities of metals required by the Wehrmacht for current procurements.

Re 3.) As a result of investigations made, essential changes cannot be expected at a date within sight.

V. Uniform management of the petroleum industry.

During the last few months the Wehrmacht has repeatedly emphasized the unavoidable call for a uniform and planned steering of the entire German petroleum industry. The present dangerous situation of the German fuel industry puts this necessity again into the spotlight. The lack of stern guidance in the present moment must lead to severest damages to the public and the defense of the country. The duty of a management according to plans of the petroleum industry must be in the first line to avert the permanent threat to mechanized traffic and the preparedness of the Wehrmacht for action lying in the extensive dependency on forces outside of the German sphere of control.

Enclosure 1 to "memorandum on the supply situation in the field of fuels and its effect on the Wehrmacht" of 9 March 36.

	Mob. requirements		Supply of requirements by production	
	1936 t/Jahr	1938 t/Jahr	1936 %	1938 %
Light fuels for car engines	900 000	1 530 000	43	60.5
Light fuels for airplane engines	460 000	600 000	39	61.5
(illegible), Fuel oil	650 000	1 280 000	11.6	22
Heating oil	800 000	1 200 000	30.6	22
Lubricating oil for car engines	80 000	150 000	22.5	23
Lubricating oil for airplane engines	35 000	55 000	-	22

TRANSLATION OF DOCUMENT 1301-PS
Continued

IIa

Needed raw materials 4/28/1936.

(with consideration of the program for the supply of ammunition, amounting to 200 million marks (Mil. RM.)
(for the months of April 1936 to March 1937 = 12 months)

supply needed, submitted to R.Wi.Min. (letter of 1/13/36)

copper	5400 t/month	(without plate VIII)
lead	2300 t/month	" " "
zinc	3100 t/month	" " "

supply needed, considering the 200 Mill.-plan.

copper	5850 t/month	(without plate VIII)
lead	3350 t/month	" " "
zinc	4020 t/month	" " "

Therefore the additional need amounts to

copper	450 t/month
lead	1050 t/month
zinc	920 t/month

Raw materials needed by parts of the Armed Forces
(for the months of April 1936 to March 1937)

copper	4830	670	175	175	5850
lead	2750	280	300	20	3350
zinc	2420	160	260	1180	4020

Secret

Raw materials needed by the armed forces during the years 1935 and 1936

raw materials		need 1936	t/month 1935
Iron and steel			
Iron ore	Fe	130 000	80 000
manganese ore	Mn	7 000	4 000
chromium	0,5 C	220	88
	0,5 C	160	86
wolfram		80	15
molybdanum		40	8
vanadium		3	1
tantalum		2	0,5
silicon		400	250
Nonferrous metals			
copper		7.500 [1]	4 670
lead		6 500 [2]	3 520
nickel		275	174
tin		150	89
zinc		3 100 [3]	1 930
aluminum		2 720	1 900
antimony		55	25
cadmium		10	0,5
mercury		60	15
cobalt		10	3

Note: 1.) for cables 2100 t/months, starting on 1 Apr.36 possibly only 6000 t/month, including 2100 t/ for cables,

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(Note: 2) for cables 4200 t/months; starting 1 Apr.36 7800 t/month which means 5500 t/month for cables;
3) from this amount: sheet-zinc in the limits of the quota of the association of zinc-rolling-mills 340 t/month; starting 1 Apr.36 possibly only 2700 t/month including sheet-zinc.

Raw materials	need 1936	t/month 1935
Leather goods (economy)		
skins and pelts	1 300	1 400
natural tanning matter	800	860
wood		
special foreign timber	170	150
grain, fodder & further agricultural products		
linseed	1 500	1 900
coal and salt		
oil coke (and Pitch coke)	1 700	1 300
*of these 1500 t/month to produce the aluminum needed by the armed forces.		
various goods		
diamonds, amounting to a value of	RM. 15 000-/month	11 000 RM
cane	200	160
mica	18	15
magnesite	1 200	1 000
rubber and asbestos		
rubber	280	150
asbestos (spinasbest)	100	70
fat for industrial purposes		
glycerine	165	120
petroleum oils		
gas for plane engines	7 000	4 000
light fuel f. motor vehicles	3 000	1 500
lubrication oil f. plane engines	700	200
lubrication oil f. motor vehicles	500	150
gas-oil, (diesel)	7 500	1 200
heating oil	15 000	6 000

TRANSLATION OF DOCUMENT 1301-PS
Continued

	Fuel for motorized vehicles		Fuel for airplanes		Gas-oil Diesel		Heating fuel		Oil for motor vehicles		Oil for airplane engines	
	Peace	case of mobil.	Peace	case of mobil.	Peace	case of mobil	Peace	case of mobil	Peace	case of mobil.	Peace	case of mobil.
	36	38	36	38	36	38	36	38	36	38	36	38
Total need of armed forces and economy t/year	2,000,000	1,650,000	80,000	600,000	800,000	1,300,000	500,000	1,200,000	75,000	150,000	5000	55,000
Production in entire Reich-territory t/year	900,000		80,000		280,000		270,000		20,000		--	
Missing quantity t/year	1,100,000	750,000	--	520,000	520,000	1,020,000	230,000	930,000	55,000	130,000	5000	55,000
New planning	700,000		300,000		200,000		?		20,000		15,000	

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TRANSLATION OF DOCUMENT 1301-PS
Continued

Copy

Berlin, 15 May 1936

Prime minister General (Generaloberst) Göring
Raw material and Foreign exchange staff

Top Secret

To the Reichminister of war
General field marschall von Blomberg

Enclosed, a record of the conference of the council of ministers of 12 May 1936 in the afternoon is forwarded.

By order
/s/ Löb
Lt. Col. in the General Staff

Top Secret

Record
of the council of ministers on 12 May 1936 1700 hours

Chairman: Prime minister General GÖRING.
Reichminister of War Generalfeld marschall von BLOMBERG.
Reichsbank President and acting Reich and Prussian minister for Economy Dr. SCHACHT
Reichminister of Finance Graf Schwerin von KROSICK
Prussian minister of Finance Prof. Dr. POPITZ
as the recording secretary Lt. Col. in the General Staff LÜB

Minister Schacht: shows the development up to now when two years ago, the decision for rearmament was made, it was decided to carry out the financing mainly outside the means of the Reichministry of Finance. This meant the commitment of the last reserve from the very beginning. A decision which did not seem without hazards. The memorandum of 3 May 1936 says the same thing.

In the course of the last two years, the program was increased more and more in its extent and speed. Thus the requirements to the Reichsbank were increased steadily.

It would be necessary to create, as basis for financing, a steady, prosperous economy, and therefore renounce the execution of other, partially irrational ideas and aims of the party. The psychological pre-requisite was not disturbed by the party as such, but by many individual groups of the party, again and again; personal attacks against Dr. Schacht and thus against the economy followed. Dr. Schacht has emphasized again and again, that one must follow a cultural and legal policy, which will leave economy alone. However one must not describe it as greedy and selfish from the beginning.

Also money theories of the most variable kind have been published repeatedly, thus causing anxiety for the economy; to counteract this was practically impossible, as the propaganda machine of the party did not permit this.

Despite all this, Dr. Schacht continued to work, because he stands with unswerving loyalty to the Führer, because he fully recognizes the basic idea of national socialism and because at the end, the disturbances, compared to the great task, can be considered irrelevant. Previously, approximately 11 billions marks besides the budget have been raised for rearmament and reemployment without shaking the rates of exchange and currency, the rate of interest could be lowered.

The Führer has repeatedly emphasized in personal talks and cabinet meetings, that the speed of rearmament must be kept up until the spring of 1936. This was agreed to and carried out.

Prime minister Göring: has never heard about this time limitation.

Minister Schacht: The main question for the further execution of the program is, how much money can be gotten out of business. Some 4 billion can be consolidated annually by long term loans, 8 to 9 billion cannot be asked for; the possibility of making

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available depends on the development of the money market. Full concentration of the money market through the Reichsbank is necessary.

If the Reichsbank should have to issue more notes than could be born by the currency, one must reach back to other factors.

Dr. Schacht will never be part to an inflation; the Führer also has decided in this sense. The danger of such a development is imminent. If a road is to be taken, which contains this danger, Dr. Schacht would like to drop out on time, so that he does not disturb the new course.

Dr. Schacht considers it impossible, that prices can be fixed by the state, if the same money policy is continued.

Prime Minister Göring: What is the basis of currency with the Reichsbank?

Minister Schacht: This question has nothing to do with the gold standard. It is a question of something imponderable, to recognize the time of which must be left up to a fine sensitivity. If by a surplus of money, the danger of devaluation of the mark exists, the state can and must take action from the financial side by taxes etc. Considering the material factor, it must be determined, that we are dependent for numerous goods on foreign countries. Even small percentages as a whole have considerable effect. In many cases, the necessity for import is caused by trade political relations; therefore the raw-material situation may not only be viewed and attacked from the production within Germany. The foreign relations must not be decreased all of a sudden. For instance the negotiations with STANDARD and SHELL were carried out on this basis.

Prime Minister Göring: When substitutes (ersatzstoffe) are sufficient in quantity, we shall no longer need the import, which presents us such difficulties.

Minister Schacht: In a series of cases, to be able to carry out the import, work from within Germany was utilized for compensation, for instance tankers for oil import corporations.

However it is especially required that nothing be said about intentions and measures of this field in public, so as not to aggravate the importers.

Prime Minister Göring: If the Führer has expressed himself in this direction, he did it to counteract the increasing pessimism in the country in respect to this field.

Minister Schacht: In any case, all anxiety must be prevented. Foreign exporters have already shown less readiness to deliver against certificates of foreign exchange, since they apparently have no more confidence in the cashing of these certificates.

Prime Minister Göring: Our raw material situation is generally known to the world. The article published in the papers on 28 April 1936 did not contain anything secret. Actually the confidence abroad should have been increased by this publication because generally the opinion was held abroad, that Dr. Schacht was protected by the Prime Minister against the party.

Minister Schacht: The situation at present is thus:

Some 54 million marks are already claimed by reembursement.

We must buy especially crude rubber and textiles; we have practically no crude rubber. Cellulose wool is not an adequate substitute, especially not for export goods.

The necessity for the closing down of manufacturing plants will soon result from this accordingly.

It must be decided whether the available gold should be all spent at the present speed or whether it should already be slowed down.

Swedish ores are still available for about 3 months. The export to Sweden becomes more difficult, and thus the import possibilities decrease.

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Prime Minister Göring: is of the opinion that our export to Sweden continues, so that one can further count on import.

Minister Schacht: The raw material supply of Germany amounted at the beginning of the war to a value of about 7 to 8 billions; now it is less than 1 billion.

Prime Minister Göring; has heard repeatedly, that export business was refused by the Reichminister for Economy. In the future, the departments will be caused by him to re-examine such occurences; perhaps then it will work differently than until now.

Minister Schacht: Increase of our export appears improbable in the near future. Further obligations arise through the Foreign Office, the Reichsbahn, Post Office, Party and other agencies; soon the consular service cannot be paid any more.

The time will come, when we will have no longer any reserves of either raw materials or foreign exchange at our disposal,

Prime Minister Göring: If we have war to-morrow, we must help ourselves by substitutes. Then money will not play any role at all. If that is the case, then we must be ready to create the pre-requisites for that in peace. The account just described could have also been presented, in his opinion, in the meeting this morning.

Minister Schacht: Publication is recommended for only the smallest circle.

Prime Minister Göring: It is necessary to inform the people required for the execution.

Minister Schacht: In his opinion only the ministers, not the state secretaries. In addition, each department must be called in individually.

Prime Minister Göring: The psychological pre-requisites for the correct approach to the work must be created everywhere. The actual work is done by the state-secretaries and the experts. In the future one must go much more into detail; confidence in the persons employed in this is absolute necessity.

Prime Minister Göring: summarizes the explanation by Minister Schacht: In short, demands on the Reichsbank can no longer be covered; only 64 million marks are still available.

Minister Schacht: declares that besides these 64 million Reichsmarks in the private banks, there are another 72 million Gold with the Reichsbank.

Prime Minister Göring: continues with the summary:

The shortage of raw material is known in its extent. A considerable increase is no longer possible, in the opinion of Minister Schacht.

Minister Schacht: The production of raw materials within Germany finds its limitation there, when an increase of prices of export goods is created by it.

Prime Minister Göring: One can separate requirements within Germany and export. Even the smallest details are important. The following appears necessary.

1) Increase of export despite all difficulties.
2) The raw material coverage within Germany.
3) The possibly necessary resettlement of workers and food fundamentals for the execution of all measures.

These problems all affect each other, so that the participation of all departments is necessary.

Appropriate example: Position of the farmer, who does not utilize the available possibility of intensifying of fertilizing, because the capital lost is not bearable for him in case of bad harvests. In such a case, the risk lying with the weather must be partially taken from the farmer by a special organization.

The Reichministry of Finance must also be consulted greatly in reference to the regular budget. Re-awakening of thriftiness in all fields belongs to this program.

Minister Popitz: The final conclusions made by Dr. Schacht are clear and convincing, under the condition that the bases for these conclusions are correct. That

must be examined. It must be determined again, whether the principles, according to which the present raw material and foreign currency policy has been carried out with such a big success, are unalterable and correct.

The time when perhaps and inflation is feared is unclear; actually it is already here, even if it has a bearable extent.

An increase of export cannot be expected with the present system. However it is to be examined, whether there is not a better system. The basis of the present economic policy is deflationary. However it appears impossible to integrate the deflation into an actually existing inflation. It must be discussed, whether forced economy of export is to be continued.

It is to be examined further, whether the money for rearmament can be drawn out from the remaining economy. In no case may the condition arise, that the Reichminister for Finance and the Reichminister for Economy push the responsibility for the providing of funds to each other.

The difference between 2 billion Reichsmarks, which the Reichsbank believes to be able to raise on a long term basis, and the 8 to 9 billion Reichsmarks required for armament, cannot be covered by taxes. Therefore the following suggestion:

1) The raw material question, which can be solved comparatively simply, must be attended to at once by a special committee.

2) Illuminate critically the export question, so to say, in a scientific manner.

Minister von Krosigk: Economy of foreign exchange in detail is necessary. In that, small things also play a part. Equal saving is necessary in spending money within Germany. In contrast to Minister Popitz, he is of the opinion that expenses for armament must be taken over more and more by the regular budget. Expenses above this budget are to be covered

a) by long term consolidation of annually some 2 billion marks.

b) by short term bills of exchange and similarly.

The financing has succeeded up to now by these two means.

However the danger exists, the short-term bills of exchange can no longer be negotiated, so that flooding of the Reichsbank with MEFO bills would have an increased printing of banknotes as consequence.

Minister Popitz: In this case, printing of bank notes is only necessary if the money is absolutely necessary for payement of wages among other unavoidable things.

Minister von Krosigk: The decisive question for that is, whether inflation would actually happen by printing of banknotes to this extent. He does not believe so. The increase of prices observed so far was not caused by monetary reasons, but can be derived from increase of prices for raw materials and agricultural products. Thus one cannot speak of an inflation.

Prime Minister Göring: does not believe that an inflation would happen from the monetary angle.

Measures which in a state with a parliamentary government would probably bring about inflation, do not have to have the same results in a totalitarian state.

Important for this is the application of an appropriate propaganda, so that the co-operation of the propaganda ministry, promised by the Führer, is of great importance.

Minister Schacht: gives a summary of the holdings of bills of exchange in the Reichsbank at present:

4,353,000,000.--RM bills of exchange

3,731,000,000.--RM of which are in MEFO bills of exchange

2,200,000.--MEFO bills of exchange are deposited in clearing accounts.

More than 5 billions in bills of exchange are deposited thus, that they can be presented immediately in case of disturbances of the money market, caused by any measure.

Therefore any disturbance must be prevented under all conditions.

Prime Minister Göring: agrees to be the "shield" for the measure of financial nature, so that no disturbances would happen.

The regular budget is to take over the current un-keep of the armed forces, but not the costs of the reconstruction.

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Minister Popitz: It is to examined whether the regular budget cannot be relieved from interests and amortization quotas of advance drawings. Even the observing of the international bank law cannot prevent the using of these recognized necessary measures in this direction.

If the economy is started be increased export, naturally the circulation of money will increase and with that the possibility of further financing.

If the money, which had to be put into circulation, is only used for payment of wages, no inflation can take place.

Prime Minister Göring: orders:

1) Determination as rapidly as possible of the basis of payment.

2) Beginning of the execution work in the realm of raw material production within Germany.

3) Examination of the question of the export system.

In the next conference, contemplated for Friday afternoon, the examination of the export system is to take place.

First under his chairmanship (Göring's) the ministers Dr. SCHACHT, Graf SCHWERIN VON KROSIGK and Prof. Dr. POPITZ will consult each other. Then, immediately thereafter, the suggestions voiced there are to be discussed by a board of experts. The following were named for this board:

By Minister Schacht:
Reichsbank Director FRIEDMAN
Reichsbank Director BLESSING
Ministerialdirektor Dr. SARNOW
By Minister von Blomberg:
Dr. TRENDELENBURG
By Minister Popitz:
Dr. SPRINGORUM
Dr. SOGEMEIER
Further
Reg. BURGERMEISTER KROGMANN
Prof. WAYEMANN
and others, who will be appointed by the Prime Minister.

Prime Minister Göring: states that he can expect and demand discipline from the party, so that the protection of the individual auditor, called, is guaranteed.

Close of the conference; 1910.

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Summary of the raw material situation 2 May 1936

Total requirement for the armed forces and the industry (estimated)	Iron ores		Aluminum		Crude rubber		Cellulose wool		Notes
	peace 1936	case of mobil. 1938	peace 1936	case of mobil. 1938	peace 1936	case of mobil. 1938	peace 1936	case of mobil. 1938	
	9.5 million	11 million	105,000	160,000	75,000	85,000	12,000-70,000	depending on import of natural fiber	
Production entire Reich industry	1.8 million		96,000		1000		12,000-70,000		
Deficit	7.7 million	9.2 million	9000	64,000	74,000	84,000	any increase in production would be taken up by the market		
Excess	--	--	--	--	--	--			
Tentative plans for expansion of own production	1.2 million proposal Keppler		----		2400		first increase until end of 1936 70,000 t		

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TRANSLATION OF DOCUMENT 1301-PS
Continued

Prime Minister General Göring
Raw Material and Foreign Exchange Staff

Journal No...../36 (initial) BG th 2/6 (initial)

Berlin, 30 May 1936
Behrenstrasse 68-70
Telephone A 2 0048

Rubber Stamp
Top Secret

To the
Reichminister of War
Generalfeldmarschall von Blomberg

Berlin

Enclosed, a report [illegible] conference of the council of ministers of 27 May 1936, is forwarded.

By Order
Löb
Lt.Col. in the General Staff

1 Inclosure:

Top Secret
Copy of meeting of Ministers on 27 May 36, at 1130 o'clock.

Chairman: Ministerpräsident Generaloberst Göring
Reichskriegsminister Generalfeldmarschall von Blomberg
Reichsbankpräsident und Kommissarischer Reichs- und Preussischer Wirtschaftsminister Dr. Schacht
Reichsfinansminister Graf Schwerin von Krosigk
Preussischer Finansminister Prof. Dr. Popitz
Recording Secretary: Lt.Col in the General Staff Löb

Prime Minister Göring: The two sessions of the board of experts held so far have brought forth interesting discussions. Naturally, opinions frequently disagree. The experts are invited to state their concepts in writing.

Today, discussion concerning the question of substitute-material. What objections are made to the production of war-raw materials within the Reich?

Minister Schacht: Principly there is nothing to object; a solution of the raw material problem by self-producing is absolutely necessary and agreed with, theoretically.

Difficulties are encountered with regard to:

1) serious monetary strain because of investments. Providing money by taxing capital is impossible, Circulation of money can not be increased beyond a certain amount. Previous measures executed correctly and without danger to moretary value. Further increase seems precarious; matter of confidence. This point of view alone, however, not determining; possible that funds could be drawn from industrial profits.

2) special scruples, regarding the cases where prices for substitute (Ersatz) material are far beyond world-market prices, and therefore the products cannot compete. (for example: tires made from BUNA). Adjustment would further increase the excise tax on exports. Inflation cannot be chosen, as this would immediately upset the state's budget.

It must be attempted to produce those raw materials within Germany which are economically favorable; for other raw materials ready reserves for the case of mobilization (Mobfall). Especially clear is the situation of flax; the complete covering of the requirement is possible; however not with hemp.

Certain raw materials for war must be stocked.

These viewpoints are recognized and followed by the Reich ministry for Economy. The execution is mainly dependent on the question of funds. Therefore, necessity to save in all fields, to make saved funds available for investment.

Prime Minister Göring: All measures are to be considered from the standpoint of an assured waging of war.

Ready reserves must ordinarily be accumulated already in peace in certain

amounts.

It is to be attempted to use cheap imported raw materials for export purposes, expensive raw materials from within Germany. In cases where the price differences are small, probably creation of a settlement is preferred.

Minister Schacht: This settlement can be carried out either by compulsory mixing or by a price settlement by the state of the expensive raw materials.

In any case, price supervision must be introduced again.

Minister Popitz: Placing of the burden of increased prices on the consumer is possible when the difference is only small.

The other possible method is sales monopoly or wholesale monopoly of certain goods.

Minister Schacht: It is recommendable not to influence individual, large fields, for instance textiles, by prices; but to concentrate funds for the monetary subsidation of other fields of raw materials.

Minister von Krosigk: The question cannot generally be judged theoretically, but only practically with the use of individual examples.

Prime Minister Göring: At first, the specially urgent petroleum question is to be treated.

General agreement to that.

Minister von Krosigk: Present experience is that the beginning of new methods of sale or price guarantee by the Reich results thus, that soon new and cheaper production mehtods are found. This recommends a not too sudden expansion of production.

Prime Minister Göring: Waiting for new methods is no longer appropriate. Plan of the Reich forestry office for the utilization of wood is ready. Import of timber must be cut down in any case; strongest demands on German forests to be preferred at present and can be advocated.

It is to be decided, whether at the beginning, a risk bonus over 6% profit is to be granted.

Minister Schacht: turns against higher profits than 6%. Guarantee of interest-bearing is to be preferred, and must be sufficient.

Minister von Krosigk: discusses the advantages of the amortization program.

Minister von Popitz: In contracts many times rapid cancellation is contemplated.

Minister Schacht: At the beginning more consideration is recommended, later stronger concentration, with profit sharing by the Reich.

Minister Popitz: requests that the cancellation periods be re-examined by a special committee.

Prime Minister Göring: The summary is to be prepared for the next committee meeting about:

1) Inventory of German Raw Material possiblities.
2) Form of the present decrease.
3) Mobilization requirement.
4) How shall raw materials be handled? Especially clarifications whether production within Germany is to start already in peace or whether the stocking of reserves is more important.

Subject of petroleum also can be considered concluded, therefore is to be handled immediately.

In the next council of Ministers, discussion of the agricultural question, then Minister Darre and State secretary Backe present.

Minister von Blomberg: In the fuel industry it is to be decided whether conversion to solid fuels should already be carried out in peace, or whether, as in France, it is to be prepared for the mobilization case. If possible and recommendable, increased use of tar coke (Schwelkok), no diesel oil for railroads.

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TRANSLATION OF DOCUMENT 1301-PS
Continued

Prime Minister Göring: Economy also absolutely necessary and to be insisted on in other fields of raw materials.

Minister von Blomberg: Examine as an example substitution of heavy metal by light metal (for instance cans of aluminum): general increase of the use of glass, especially for aerial bombs, maybe also for grenades; use of plastics for wide fields, even as far as transmissions. Certain hopes can be set on China. Therefore prevent political estrangement. Careful advances in the approaching of Japan necessary, at present the recognition of Manchukuo would be disastrous for Mr. Klein's current plans in China.

Prime Minister Göring: Common front of China with Japan against Soviet Russia can probably be produced.

(in green pencil) I did not express myself so specifically PI/

Minister von Blomberg: Japan is doubtful as a factor of military power.

Prime Minister Göring: Furthermore, the danger of Japan's turnabout always exists.

Results of the China affair cannot be viewed clearly because of the unclear inner political situation.

Minister Schacht: always has supported the attempts of Mr. Klein, because he especially hopes for food raw materials from China.

Minister von Blomberg: recommends further collaboration with the Kaiser Wilhelm Gesellschaft, with whom the Reichministry of War had very good experiences. At its head is the scientific authority; other imminent changes for solution proposed by the party unbearable.

Minister Popitz: Nomination of Geheimrat Bosch is possible for this post, when his resignation from the IC is possible.

Minister Schacht: General complaints about the deterioration of German science; this is also harmful for export, since the missing replacement limits the execution of German engineering missions abroad and thus German orders from abroad.

Minister Popitz: Seconds these complaints. Actions by the party which remove the most important people is unbearable. Explanation by examples.

In the liberal arts, the consequences are not being felt immediately, all the more so in the natural sciences. If service etc should be limited to the first two semesters of study, then full time and freedom for scientific activity.

Prime Minister Göring: In Prussia then, difficulties are partially removed. Influence of the liaison staff not always fortunate. Role of Professor Wagner.

Puts to discussion a taking over of a Spanish tin source, which is being offered from the Swedish side.

Minister Schacht: Basically in agreement, particularly when in a partnership enterprise German achievements will result by deliveries of machines.

Prime Minister Göring: asks Minister Schacht to conduct negotiations in this spirit during his visit in Belgrade relative to Jugoslavia in the near future.

Minister Schacht: The copper mining in Jugoslavia must take place by excluding the French, who sell copper for foreign exchange only.

Prime Minister Göring: During the next ministerial session, the investigation of the problems in the agricultural sector has to be conducted in such a way that direct statements of Minister Schacht/Minister Darré should be made about the single problematic issues.

End of the session 13 o'clock.

H1231-0135

TRANSLATION OF DOCUMENT 1301-PS
Continued

Fuel-supply situation
(1st draft of a plan for solution) 27 May 1936

	Light vehicle fuel Peace 36	Light vehicle fuel case of mobil. 38	Airplane fuel Peace 36	Airplane fuel case of mobil. 38	Gas oil Peace 36	Gas oil case of mobil. 38	Heating oil Peace 36	Heating oil case of mobil. 38
Total requirement Armed Forces and Industry tons/years	2000000	2650000	80000	600000	800000	1300000	500000	1200000
Production in the entire Reich industry tons/years		1700000			220000		270000	
Deficit from requirements of mobilization tons/years		950000			1080000		930000	
To be covered by conversion (substitute fuel)					200000			
Necessary new plans		950000			880000		930000	
Proposal for a solution		3 Fischer plants of 320000 tons each by the end of 1937			4 IG-Pott plants of 220000 tons/year each by end of 1937		3 Fischer whole-Pott or distilling plants of 310000 tons/year each	
Costs		380 million RM			400 million RM		370 million RM	

H1231-0136

TRANSLATION OF DOCUMENT 1301-PS
Continued

Copy of draft

Top Secret 31 August 1936

The War Minister and Supreme Commander of the Armed Forces
(Der R.K. Min. u. Ob.d.W.)
No. 2001/36 Top Secret WH

4 copies
1st copy - draft
2nd copy - Reich Air Ministry
3rd copy - Reich Ministry for Finances
4th copy - President of the Reichsbank

1) To the
Reich Minister of Air and the Supreme Commander of the Air Forces General Göring
Berlin W 8

Dear General Göring!

The negotiations conducted until now in the commission for foreign exchange and raw materials which is under your leadership, have already shown the necessity of dealing also with the financing of the armed forces there also. I believe the time has now arrived that the commission should take up the treatment of this problem.

As a preparation of such a discussion I suggest the following:

I. Overstepping of the 1936 budget.

It has been proven, particularly from the decree issued 7 March 1936, that the sum of about 10 billions of RM which was provided for the Wehrmacht for 1936 is not sufficient.

1. Additional expenses in the army are needed in first place by
a) the remilitarizing of the Rhineland
b) the fortification of the Rhineland
c) the setting up of all the 36 divisions already by 1 Oct 1936
d) the speeding-up of motorization, particularly the establishment of 4 fully motorized Infantry divisions.
e) the necessity of markedly increasing the reserve ammunition because of the increased number of divisions.
f) industrial preparations in a great variety of fields

2. In the navy the required faster increase of personnel, the building of a 4th entry to Wilhelmshaven and the refortification of Helgoland cause additional expenses.

3. Air Force

a) According to an order of the Fuehrer, the setting up of all-air force units has to be completed on 1 April 1937. Therefore considerable expenditures have to be made in 1936 which at the time when the budget for 1936 was made, were planned for later years only. Special additional expenses are caused by the creation of sufficient ground force personnel.

b) In the air force the first introduction of new types has to take place in 1937. Therefore the required industrial preparations have to begin in 1936.

It follows that an additional sum of at least 3.6 billions of RM will be needed by the Wehrmacht for 1936.

Of this about 1 billion RM is allotted to Army and Navy together. In the case of the Army and Navy, the execution of the orders and, in consequence, the dead-lines for the payments of the deliveries lagged quite considerably behind the placing of the orders. Therefore it can be assumed that these 1 billion RM will not be needed in cash before 1 Apr. 1937. However, the orders for these 1 billion RM have been placed and in the fiscal year 1937 these 1 billion RM will also be needed in cash.

In the air force the additional expenditures amount to 2600 millions RM. Here the execution of the orders from the budget funds of 1936 as well as of the orders for the additional requirements is in full progress. The 2600 millions RM for the air force have to be made available in the fiscal year 1936.

As yet it cannot be ultimately settled whether the introduction of the two years' service will lead to further additional expenses.

II. Requirements for 1937

The preparatory works for the budget of 1937 have not been concluded. At present the requirements for 1937 are estimated to be for

1.	the army	6.5 billions RM
2.	the navy	1.2 billions RM
3.	the air force	6.0 billions RM
	Total	13.7 billions RM

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Besides these 13.7 billions RM about 500 millions RM will be needed for the Reich defense requirements of the civilian departments.

III. Permanent requirements

According to a recently conducted survey, the component of the armed forces will have the following permanent requirements after the rearming is completed:

1 Army	3.6 billions RM
2 Navy	0.73 " "
3 Air Force	2.507 " "
Total ...	6.837 billions RM

At present it is hardly possible to make an accurate estimate of the permanent requirements. In the case of the Army it is very likely that the amount for the permanent requirement will be considerably raised.

Later I will submit further material, particularly a statement about the requirements for the years until the completion of the rearming, as soon as the necessary inquiries are concluded.

I submitted copies of this letter to the Reich Minister for Finance, and to the President of the Reichsbank.

Heil Hitler!
Yours,
/ /

2. To the Reich Minister for Finances
Berlin W8

3. To the President of the Reichsbank Dr. Schacht
Berlin SW 111

Copy (of 1)
for your kind information

4. WV

Chief of WA Chief WH
signed P

Remark:

1. Major v. Wolff has given the letter addressed to General Göring to Lt. Col. Bodenschatz on 31 Aug.

2. I have personally handed the letters 2 and 3 to the President of the Reichsbank, Dr. Schacht, and to the Reich Minister of Finance, Count Schwerin von Krosigk, on Aug 31.

signed P.

Copy authenticated
Hollander
Ministerial Councillor
30 Sept 36.

H1231-0138

TRANSLATION OF DOCUMENT 1301-PS
Continued

Note initialed (Plomberg?)

initialed: K 2/9 (Keitel)

President SCHACHT called me to him today at 1300 and requested me to forward the following to the Minister of War:

Schacht returned from the Führer with the greatest anxiety, since he could not agree to the economic program planned by the Führer.

The Fuhrer wants to speak at the party convention (Parteitag) about economic policy, and wants to emphasize there, that we now want to get free with all our energy from foreign countries by production in Germany.

Schacht requests urgently, that the Reichminister of War warn the Führer from this step.

If the Führer emphasizes in front of the masses in Nürnberg, he will receive a great amount of applause from the audience, but with it he will bring failure to the entire commercial policy. There is only one thing in our needy position: the promotion of export. Every threat against foreign countries however, will show contrary results.

We have reverses in the field of fuels until the middle of next year, there will not be large amounts in the field of rubber. The Benn-process in the field of ores is having great difficulties.

If we now shout out our decision abroad, to make ourselves economically independent, then we cut our own throats, because we can no longer survive the necessary transitory period.

Also, it must always be pointed out that German materials are at present much too expensive to be used for export, and export alone makes further armament possible.

If the food-basis of the people is not to be endangered, the Führer must refrain from his plan.

President SCHACHT concluded, that he again requests urgently to listen to this warning, and that he forwards it to the minister of war, as he will not participate in to-morrow's conference.

Thomas 2/9 (in blue pencil)

(Translator's note: the following is written in pencil in the original)

THOMAS in his memorandum:

"The missing million in cash must be saved, since there is no more possibility to obtain it by increase of export."

English armament==ore! Our own procurement is a must.

4 Year Plan without antagonizing foreign countries.
Card file ?
Speed of armament ? Yes---

"Extent of armament not sufficient. Backing by foreign exchange and raw materials is absolutely necessary."

H1231-0139

TRANSLATION OF DOCUMENT 1301-PS
Continued

Top Secret
(rubber stamp)

1st copy
5 Sept 1936

Wi II
File No 66 b 9910 II z-a

Minutes
on a Conference in the Reichministry for Economy
on 3 Sept 1936

Chairman:	Ministerialdirektor Sarnow	) Reichministry for Economy and the competent experts of the
Present:	Ministerialdirektor Dr. Landwehr Ministerialdirigent Dr. Spitta Oberregierungsrat Dr. Michals	) Reichministry for Economy and the supervisory agencies
	Major Czimatis Commander Griebel Regierungsbaurat Wissmann	) Reichministry of War, W.A.
	Intendanturrat Nierhoff	Reichministry of War, V.A.
	Lt.Col. Ploch Col. Witting Dipl.ing. Bresser	) Reichministry for Air and Supreme Commander of the Air Force
	Gen.Direktor Schirner, combined alum. plants Dr. Westrick " " " Dir. Beyer Alum. Sales Corp.	) only during the conference on aluminum

Subject:

I. Possibilities of allotment of foreign exchange to the armed forces and economy.

II. Aluminum supply.

I. After extensive study of the connected disadvantages, the Reichministry for economy has dropped the principle that one could desist from exporting all product with more than 40% foreign raw materials. Therefore and additional need for foreign exchange results for the upkeep of the export of 2 million marks with the supervisory board for base metals. Furthermore the allotment of cash foreign exchange to the supervisory board for bast fibres must be increased from 10 million marks to 17 million marks.

Intendanturrat Nierhoff made reports on the need of the Armed Forces of textiles and leather in the year 1937, which has increased considerably from the requirements of the year 1936 (see inclosure). To fulfill these Armed Forces requirements, cash foreign exchange is necessary in the following amounts:

Group of goods	Additional Armed Forces requirements of cash foreign exchange in million of marks
1. Wool	24
shredded wool (Reisswolle)	3
mohair wool	0.75
2. silk	0.5
3. bast fibres	0.25
4. cotton	4
5. leather	22.5
Total	55.00

Accordingly, the following overall picture results:

Amount of cash foreign exchange necessary previously for the upkeep of economy and for the covering of requirements of the Armed Forces.

900 million marks

Amount of cash foreign exchange necessary for the upkeep of export.

248 million marks

Additional requirement of cash foreign exchange necessary for the Armed Forces

146.8 million marks

Available amount of cash foreign exchange

140 million marks

138

H1231-0140

II. Aluminum

Report on the requirements of aluminum for the Armed Forces are contained in the summary given to the Reichministry for Economy on 29 Aug.

Major Czimatis explained that the Reichministry of War did not renounce the limitations of the allotments of aluminum to the general industry, as it was said in the letter of the Reichministry for Economy of 21 Aug 1936, but that the demands for full delivery to the Armed Forces for the programatic rearmament, especially of the Air Force, will be kept up.

The Reichministry for Economy considers the full delivery to industry urgently necessary also in the interest of the Armed Forces, since by a "strangulation" installations important to the Armed Forces (power issues) would also be affected immediately, and one could therefore count on an increased requirement of copper and thus of foreign exchange.

The administration of aluminum by the supervisory board for base metals is being absolutely refused by the Reichministry for Economy.

Generaldirektor Schirner reports that the negotiations for the import of 1000 tons of aluminum from Switzerland against delivery of German clay and pitch-coke are favorable. Also, the payment of processing wages is to be done with clay. However, the import of these 1000 tons is distributed over 6 to 7 months.

1000 tons more can be obtained in a comparitively short time from the Aluminum Ltd from Canada. The negotiations for this are still in process.

Schirner reported that the stocks of aluminum in the plants is so high that he, in case the Reichministry for Air should agree to a temporary decrease of the stocks, could guarantee full delivery for both the Armed Forces and Industry until the opening of the new plants in Toging and Bitterfeld.

Lt.Col. Ploch consents that the stocks be decreased temporarily.

The Reichministry for Economy orders that the supervisory board for base metals first determine by revision the exact size of the stocks of aluminum for the Duren Metal works and the combined Light Metal works (Vereinigten leicht Metall Werke).

However, if difficulties should arise in the delivery to the Armed Forces with aluminum, then the Reichministry for Economy is ready to take up negotiations again.

MW (initials in pencil)

Inclosure

Textile and Leather Requirements of the Armed Forces

Raw materials	Requirement in the year 1936 in tons	Requirement in the year 1937 in tons	Required additional cash foreign exchange requirements in millions of marks
sheared wool	7 200	18 152	24
wool scrap (Reisswolle)	1 040	4 900	3
combings	11	42	-
mohair wool	-	260	0.75
wool from tanned hides (Gerberwolle)	761	1 236	-
silk	23	72	5.5
cocoons*	72	72	-
silk yarns*	48	48	-
(*figures by Reichministry for air)			
cotton of which quality cotton Portires and shelter halves (Egypt)	8 600	16 200 about 4 000	4
cotton scraps	560	835	-
artificial silk	310	670	-
cellulose wool	1 080	3 130	-
cleaned flax (Schwingflachs)	3 600	4 800	-
flax scrap	7 070	10 500	-
jute	2 100	2 100	-

(cont)

Raw materials	Requirement in the year 1936 in tons	Requirement in the year 1937 in tons	Required additional cash foreign exchange requirements in millions of marks
soft hemp and hard fibers	1 100	1 635	0.25 (**)
of which hard fiber		about 200	(**) for 400 tons soft hemp and 200 tons Manila and Sisal
sleek leather	11 000	24 000	"
skins for uppers	7 100	13 900)	
tanned leather		4 100)	
leather for soles		9 500)	22.5 (***)
			(***) for 22 500 tons hides corresponding to 11 200 tons leather
		Total	55.00

It must be considered in the calculation of the foreign exchange requirements for the upkeep of the export of woolen goods, that the wool industry cannot stand more than a 10% decrease of the present amount, if it is to retain its export capability. Instead of Australian wool, one must reach back to about 50% of the available South-African wool for the exports. The wool available through the limitations of value of the clearing agreement is entirely used for export. The calculated amount of foreign exchange and the most urgent requirement within Germany of 12 million marks only applies under the condition that there are until the end of September still 2 million marks in cash foreign exchange available.

One can count for the requirement of the Armed Forces on an amount of 10 000 tons raw wool, based on existing agreement. 24 million marks in cash foreign exchange are required for the additional amount of 8 152 tons with the price basis of 3 000 -marks per ton.

Intendanturrat Nierhoff explained; that a decrease of the demands for quality for the Armed Forces is no longer bearable. Already 20% cellulose wool is being earmarked for uniform cloths, and a mixing of 30% scrap wool for overcoats.

The amount of foreign exchange of 4 million marks for quality cotton is therefore necessary, because one cannot count any more on the hitherto existing compensating transactions--especially with Egypt after circular 237.

The amount of foreign exchange estimated for export of 17 million marks for the supervisory board for bast fibres is distributed as follows:

10 million marks for jute
6 " " " Sisal
1 " " " Manila

The production of hides in Germany is reported as 140 000 tons per year. Even with the basis that the consumption of leather within Germany is decreased to a minimum, the 22 500 ton hides, corresponding to 11 200 tons leather for the Armed Forces, can only be procured with cash foreign exchange (22.5 million marks)

The raw hide requirement has determined individually with consideration for the time required to tan the individual types of leather.

H1231-0142

OFFICE OF U. S. CHIEF OF COUNSEL
TRANSLATION OF DOCUMENT 1301-PS

ERRATUM

The last paragraph of page 27 of Document 1301-PS is hereby corrected to read as follows:

"Thereupon the meeting was quite surprisingly closed by Field Marshal Goering without giving everyone wishing to speak an opportunity to do so (ohne dass die Wortmeldung erfuellt.....wurde) and without making decisions."

This correction is made by WILLARD E. SKIDMORE, Lt. (jg) USNR, 391590.

H1231-0143

(in pencil) Top Secret!

Conference at General Field Marshal Goering's at 1000, 14 Oct. 38, in the Reich Air Ministry

(in pencil): attention H.G.

General Field Marshal Goering opened the session by declaring that he intended to give directives about the work for the next months. Everybody knows from the press what the world situation looks like and therefore the Fuehrer has issued an order to him to carry out a gigantic program compared to which previous achievements are insignificant. There are difficulties in the way which he will overcome with utmost energy and ruthlessness.

The amount of foreign exchange has completely dwindled on account of the preparation for the Czech Enterprise and this makes it necessary that it should be strongly increased immediately. Furthermore: the foreign credits have been greatly overdrawn and thus the strongest export activity--stronger than up to now--is in the foreground. For the next weeks an increased export was first priority in order to improve the foreign exchange situation. The Reich Ministry for Economy should make a plan about raising the export activity by pushing aside the current difficulties which prevent export.

These gains made through the export are to be used for increased armament. The armament should not be curtailed by the export activity. He received the order from the Fuehrer to increase the armament to an abnormal extent, the air force having first priority. Within the shortest time the air force is to be increased five fold, also the navy should get armed more rapidly and the army should procure large amounts of offensive weapons at a faster rate, particularly heavy artillery pieces and heavy tanks. Along with this manufactured armaments must go; especially fuel, powder and explosives are moved into the foreground. It should be coupled with the accelerated construction of highways, canals, and particularly of the railroads.

To this comes the Four Years' Plan which is to be reorganized according to 2 points of view.

In the Four Years' Plan in 1st place all the constructions which are in the service of armament are to be promoted and in 2nd place all the installations are to be created which really spare foreign exchange.

The substitutes produced by the Four Years' Plan are to be brought rapidly into circulation. The Reich Ministry for Economy and the other agencies should make suggestions by the beginning of November for rapidly increasing the introduction of the substitutes. The import of materials for which we have substitut has to be drastically curtailed.

General Field Marshal Goering enlarged then upon the main problem of the session: how can these requirements be fulfilled.

He is faced with unheard difficulties. The treasury is empty, the industri capacity is crammed with orders for many years. In spite of these difficulties he is going to change the situation under all circumstances. Memoranda were of no help, he desires only positive proposals. If necessary, he is going to convert the economy with brutal methods in order to achieve this aim. The time has come when private enterprise can show whether it has a right for continued existence. If it fails, he is going over to state enterprise without any regard. He is going to make barbaric use of his plenipotentiary power, which was given to him by the Fuehrer.

All the wishes and plans of the state, party and other agencies who are not entirely in this line have to be rejected without pity. Also the ideological problems cannot be solved now, there will be time for them later. He urgently cautions against making promises to the workers which can not be kept by him. The wishes of the labor front cede entirely into the background. The industry to be fully converted. An immediate investigation of all productive plants is to be initiated in order to determine whether they can be converted for armament an export or whether they are to be closed down. The problem of the machine indus has the first consideration in this respect. There is no place for printing and

H1231-0144

laundry machines and other machines of that kind, they all have to produce machine tools. In the field of machine tools the priorities of the orders are to be investigated, and wherever possible, increase in productive capacity is to be introduced. It follows without saying that work has to be conducted in 3 shifts.

It remains now to decide who is going to carry out this task; the state or the self-administrative industry. He requested a proposal from General director Zangen for the methods to realize these plans. He warns all agencies, particularly the labor front, price controller etc. from interfering with these proposals in any way. He is going to proceed ruthlessly against every interference on the part of the Labor Front. The Labor Front would not receive raw materials and workers for its tasks any more. Similarly all other party requirements have to be set aside without consideration. Foreign workers can continue being employed except in the particularly secret sections of the enterprise. At the present time the plants should not be burdened with unnecessary demands, such as athletic fields, casinos or similar desires of the labor front. Measures proposed by the Labor Front have to be submitted to him for approval.

Raw materials and power are to be subjected to accurate management. Similarly the distribution of men has to be organized in an entirely different way than it has been done until now. The retraining did not function; all agencies failed. The recommitment of the youth into the industry will be organized by him on a very large scale. Large state apprenticeships are to be created; besides, the plants will be obliged to hire a certain number of apprentices. A retraining of hundreds of thousands of people will have to take place. Much more work will have to be performed by women than until now. Above all, the young women have to be employed much more. Work periods of eight hours do not exist any more; wherever necessary, overtime is to be performed, double and triple shifts are a matter of course. Where the workers will protest, as in Austria for example, General Field Marshal Goering will proceed with forced labor; he will create camps for forced labor. The Labor Front should not carry false social ideas among the workers. It is a fact that one generation has driven the cart into the mud through the mutiny of the workers and by being guilty of not having shot these workers on the spot. Therefore we had to put the thing in order again.

Much is to be done at once in the field of transportation. The Ministry for Transportation should submit a request about the construction of rolling stock and about other requirements. The branch-canal near the Hermann Goering Works is particularly important. It cannot continue that the Armed Forces interfere with the car park. If that will continue, he will make a decision, because it is impossible that the people should starve on account of it.

In the agriculture it is of importance to employ foreign workers. Similarly the problem of the agricultural machine has to be promoted. Of particular importance is the erection of storehouses.

The Sudeten land has to be exploited with all the means. General Field Marshal Goering counts upon a complete industrial assimilation of the Slovakia. Czech and Slovakia would become German dominions. Everything possible must be taken out. The Oder-Danube Canal has to be speeded up. Searches for oil and ore have to be conducted in Slovakia, notably by State Secretary Keppler.

In the 2nd part of his discussion General Field Marshal Goering took up the Jewish problem. The Jewish problem had to be tackled now with all methods, because they have to get out of the economy. However, the wild bustle of commissars as it developed in Austria has to be prevented under all circumstances. These wild actions have to cease and the settling of the Jewish problem should not be regarded as a system of providing for inefficient party members. Thereupon Ministry Councillor Fischboeck was allowed to speak. He revealed that in the beginning there were 25 000 commissars in Austria. Today there are still 3 500 who are useless almost without exception. In Austria the party is of the opinion that Aryanization is a duty of the party and that it is connected with the recompensation of the old party members.

In Austria there is still a total of 2 billions of Jewish property. The large enterprises are being bought up by the Control bank; it is difficult to oust the Jews from the small industrial enterprises.

H1231-0145

General Field Marshal Goering took a strong stand against the opinion that the Aryanization is the duty of the party. It is the duty of the State alone. However, he could not release foreign exchange for shipping away the Jews. In an emergency situation ghettos should be erected in the individual large cities.

State Councillor Schmeer cautioned against more lenient methods in the fight against the Jews; Jewish labor units should be established, then the people would emigrate of their own accord. State Councillor Neumann warned and expressed the opinion that one should use more precaution in this matter, particularly in Austria.

Thereupon the meeting was quite surprisingly closed by General Field Marshal Goering without giving everyone wishing to speak an opportunity to do so and without making decisions.

HG

H1231-0146

Material
for the Conference with Goering
on 25 Nov 1938
(General Keitel
Brig.Gen. Thomas)

W.Wi Id.

27 Oct 1938

For the consideration of the assignment of tasks to people, state and the Armed Forces, judging of the requirements of raw materials, especially steel, appears necessary.

This is shown as follows, as far as it can be judged from here. The inclosed summary shows that one must count, according to the Fuehrer's directives, on a steel requirement for armament production, which amounts to

1.08 million tons monthly from 1 Jan 1939 on, that is, it must be increased by about 48% of the present contingent. Added to this requirement are the increased demands of the Four Years' Plan, the demands of export and the amount necessary for the upkeep of the production machine of German economy in the amount of

1.83 million tons monthly from 1 Jan 1939 on; thus this results in a total requirement of

2.9 million tons monthly from 1 Jan 1939 on, against which there is only a monthly production of

at present 1.8 million tons monthly.

Furthermore, it must be pointed out, that with the increased use of steel, an increased use of the already scarce non-ferrous metals is necessarily coupled, the latter also are closely associated with the procurement of foreign exchange.

The increased rearmament of the armed forces must further affect deeply the supply requirements of the armed forces, especially munitions and fuels. Therefore, it must be expected that the future requirements of the armed forces will exceed the present plans (accelerated program for powder and explosives, fuel program), which will have an increase of the steel requirements not yet planned as result.

Secret

Summary
of the Iron and Steel Requirement of the Armed
Forces and Industry tons per month

	Contingent of the IV th quarter 1938	Contingent of the [illegible] quarter 1939	Requirement in contrast t[illegible] 1 Jan 1939 on	the contingen[illegible] 1st quarter 193[illegible]
I. Armed Forces	584 333	573 133	1 088 300	-515 167
II. War economical organization of German industry	306 600	306 600	613 500	-306 900
III. Export in case it is possible to reach the stage of beginning of 1938	380 000	380 000	550 000	-170 000
IV. Upkeep of the production machine of the German industry	582 800	582 800	582 800	-
V. Other requirements	83 500	83 500	83 500	-
Total	1 937 233	1 926 933	2 918 100	-992 067

TRANSLATION OF DOCUMENT 1301-PS
Continued

Inclosure 1

Secret

Summary
on the Iron and Steel Requirement of the Armed Forces

tons per months

	Contingent of the IVth quarter 1938	Contingent of the Ist quarter 1939	Requirement from 1 Jan 1939 on	-in contrast to the contingent of Ist quarter 1939
Army	300 367	266 000	525 000	-259 000
(for fortifications)	(66 667)	(85 000)	(165 000)	(+ 80 000)
Navy	78 000	74 000	140 500	- 66 500
(for "Grünewiese")	(-)	(-)	(35 000)	(+ 35 000)
Air Force	166 400	191 133	247 300	+ 56 187
(for fortifications)	(13 333)	(15 000)	(15 000)	(-)
Reich communication measures (RV-Massnahmen)	39 566	42 000	175 500	-133 500
(for increased extension of the Reich railroad)	(-)	(-)	130 000	(-130 000)
Armed Forces Total	584 333	573 133	1 088 300	-515 167

H1231-0148

Chief OKW
58a 40 38 top secret
1157/38 top secret

7 Dec 1938

Top Secret

7 copies
7th copy

(in pencil)
To the State Secretary Neumann
Received copy without receipt
K. 12 Dec 38
Documents for the conference at Field Marshal Goering's on 13 Dec 1938 with Supreme Commanders General Keitel, Neumann, Koerner, Gen. Thomas.

To
the Supreme Commander of the Army)
the Supreme Commander of the Navy) one
the Reichs Marshal of the Air Force and) copy each
Supreme Commander of the Air Force)

The Fuehrer and Supreme Commander of the Armed Forces authorized me to inform the Supreme Commander of the following:

The strained financial situation of the Reich makes it necessary that for the rest of the current fiscal year 38/39 the expenses of the Armed Forces, which in the last months under the strain of extraordinary circumstances have undergone a very considerable increase, should be lowered again to a level which would be tolerable for some time.

It will be at the discretion of the Supreme Commander to decide what measures should be taken for this purpose according to the priorities in the armament program. According to the Fuehrer's request

ARMY (the equipping with arms will have first priority, the providing of ammunition and the building of fortifications for the army will be considered in second place only.

NAVY (the building of ships, of ports and docks will have first priority over all other requirements, also over that of providing ammunition.

AIR FORCE (the equipping with arms will have first priority, the providing of ammunition will have to be considered in second place only.

If necessary, the initiation of new enterprises will have to be delayed, the execution of current enterprises and orders will have to be distributed over a longer period of time. The allotted quota of raw materials which will be decreased starting 1 Jan 39, will also compel us to a certain extent to do this. It has to be achieved that

in the Army
in the Navy
in the Air Force

during the period from 1 November 1938 to 31 March 1939 (end of the fiscal year) not more than

(Army): 3.7 billion RM
(used until now 4.9)
(Navy): 650 million RM
(Air Force): 2.5 billion RM

should be expended in the form of cash and delivery treasury scrips.

It is not yet definitively established how much can be allotted for the next fiscal year 1939/40 in the form of cash and delivery scrips. At present, the branches of the Armed Forces cannot expect greater quotas than the following:

5.2 billion RM for the Army
1.4 " " for the Navy
4.9 " " for the Air Force

signed: Keitel

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H1231-0149

TRANSLATION OF DOCUMENT 1301-PS
Continued

W H
58 g 40 38 g K
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Top Secret
Copy

for information

illegible signature

to
the Chief of the Air Force
the Chief of the W Stb

Chief of the War Industry Staff
Adjutant

Draft

1 March 1939

To the adjutant's office of General Field Marshal Goering.

On behalf of Brig. Gen. Thomas I request an appointment for a conference for the general before the departure of the General Field Marshal on following urgent subjects:

1.) The branches of the Armed Forces--particularly the Navy--submitted requests for additional amounts of non-ferrous metals and of steel. General Thomas requests instructions what attitude he should take in regard to this question during the absence of the General Field Marshal.

2.) The General Field Marshal has to make decisions in 2 matters concerning foreign policy.

Illegible
Captain.

CERTIFICATE OF TRANSLATION
OF DOCUMENT NO. 1301-PS

15 November 1945

I, WILLARD EVANS SKIDMORE, Lt. (jg) USNR 391590, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a correct and true translation of Document No. 1301-PS.

WILLARD EVANS SKIDMORE
Lt. (jg), USNR
391590

H1231-0150

APPENDIX TO FILE #1301-PS

The thirteen documents discussed in detail give a conclusive picture of the close collaboration of the various Reich Government Agencies toward one final goal: AGGRESSIVE WAR.

In document #1, Top Secret, Schacht admits without any inhibition that armament is the objective of German politics. And that on 3 May 1935! He points out the difficulties involved in the financing of this gigantic enterprise, which are enhanced by the necessity of keeping the preparations for war a secret, both from the world and the German public.

On 9 March 1936 the War Ministry, General Blomberg and Thomas, depict in document #2 the planned gearing of the civilian motorization to war. Already at that time, the civilian economy - fuel, oil, industry and the large importers - had been put deliberately to the Wehrmacht carriage.

In the minutes (document #4 of the Minister's meeting of 12 May 1936, which was attended by Goering, von Blomberg, Dr. Schacht, Count Schwerin von Krosigk and Prof. Dr. Popitz, no fewer than four Reich Government Agencies prepare for war. The Reichsbank, the Ministries for War, Economy and Finances join hands with the Prussian Minister for Finance and the minutes are taken down by Lt. Col. Löb of the General Staff. The Reichsbank (Schacht), has executed as the Fuehrer's faithful servant the mission to accelerate the armament program from the financial angle. Seven billion marks have been procured on the sly, outside the budget, for armament. The master of ceremonies, Schacht, is still throwing sand into the eyes of the world.

And in the same minutes, on page 5, Schacht compares the raw material balance of Germany at the "Kriegsbeginn" (the start of the war) and now. NOTE: The term "Kriegsbeginn" refers probably to World war 1914 - 1918. A very logical comparison basis between the World War and the coming war.

The same men who convened on 12 May 1936 met again on 27 May 1936. Again the General Staff kept the minutes, document #6. Plans to prepare for mobilization are pondered about. Vital raw materials must be stored for war. Uneconomic plants to produce substitutes must be kept in readiness. Goering wants all measures weighed from one point of view only; the conduct of the war must be safely possible. For this aggressive war work, the brains of Schacht, Popitz, subsidies and Krosigk discusses the pros and cons of substitute production. All participants agree that the fuel oil problem must be tackled first. To gain China's economic help is Blomberg's idea. Schacht always had hopes in this respect, and has supported certain attempts in China. Goering hopes to induce China and Japan to turn jointly against Russia. Blomberg wants to use the "Kaiser Wilhelm Gesellschaft" as an agent. He mentions that the War Ministry and the mentioned society have collaborated successfully before. The industrial tycoon Bosch is proposed by Popitz to head the society. Then Goering and Schacht discuss further preparations for war in foreign countries.

In document #7, of 31 August 1936, the close interrelationship of the Reichsbank, the Ministries of War, Economy, Finances, Air Force and the Ministry of War recorded again. The excessive demand of funds is discussed. The Rhineland is fortified. Thirty-six Division must be ready by 1 October 1936. Poland is being mollified. The navy arms with speed. The Fuehrer has ordered all formations of the Air Force ready by 1 April 1937. The financing from depleted money chests difficult.

H1231-0151

Schacht is nervous according to document #8 of 2 September 1936. Clumsy Hitler is apt to destroy his deception of the world. Hitler wants to tell the world on the coming Richs Partei Tag that Germany is on the verge of becoming autonomous. He telephones the War Ministry and asks General Thomas "Stop Hitler! We need the world. Export alone makes armament possible. Don't waken these gullible foreigners too soon. We have not enough raw materials yet to outlive the period of transition."

On the 5th of September 1936, representatives of the Ministries of Economy, War and Air Force met with heads of the Aluminum Industry. Their deliberations were taken down in document #9. Foreign currency demands for armament are discussed The demands of the Wehrmacht as to leather and textiles are specified. The gentlemen of the Aluminum Industry account to the Wehrmacht. They are attempting to obtain aluminum from Switzerland and Canada. The Ministry for Economy promises to help if the Wehrmacht should not receive all the material desired. War Ministry, Air Force and Ministry of Economy prepare for war with the collaboration of industry

A conference takes place in Goering's Ministry of the Air Force on 14 October 1938. Document #10. Two years have passed. The sudetenland has been occupied. Eternal peace has been promised by Hitler in Munich. Goering was present in Munich. On the 14th of October, 1938, he demands in the conference: intensified export, to obtain more foreign funds, to increase the armament - to the gigantic dimensions the Fuehrer has ordered. The Air Force alone has to be quintupled as fast as possible. All phases which are essential to warfare have to be speeded up. The Ministries of Finance and Economy are requested to make pertinent proposals. The entire industry has to be converted to war production. A plan is requested from the industrial magnate General Director Zangen to put industry into war gears. Raw material, energy, labor are to be controlled. Woman labor is to be stepped up. Unwilling workers may work in Forced Labor Camps. The communication network has to be built up. Foreign (still hired) workers should replace Germans in agriculture. The newly liberated German Sudeterland has to be exploited to the last drop. The Czechs and Slovaks are already annexed as German dominions in thoughts. The Jews must be speedily removed from all economic life. Ghettos could be created - That's Goering on 14 October 1938 - one month after Munich - one month before the progroms against Jews in the night from the 9th to the 10th of November, 1938.

The Generals, Keitel and Thomas, computed busily the requirements of the Wehrmacht in iron and steel on 27 October 1938. They prepared their notes, document #1 for a meeting with Goering on 25 November 1938. The accompanying charts speak "war". Starting 1 January 1939 the Wehrmacht used 48% more iron and steel. Armament is to be stepped up again.

The Reich Finances feel the strain of the armament expenditures. Something must be done about it. Through Keitel, the Fuehrer orders the Commanders-in-Chief of the Armed Forces, Air Force and Navy to earmark with the highest priority aggressive devices of warfare. Forget for the time being the defensive phase of warfare. On the 7th of December, 1938, when Keitel submitted the Fuehrer's order on document #12, Hitler must have felt pretty confident to set the defensive aspect of war aside.

H1231-0152

The last document, #13, a letter from General Thomas to Goering of 1 March 1939, ties in which the armament program. Non-iron metals and steel are requested from all branches of the Wehrmacht; particularly from the Navy. What does Goering want him to do? It is the 1st of March, 1939!

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Doc. 1760-PS

United Mexican States)
Mexico Federal District) SS
Embassy of the United)
States of America)

GEORGE S. MESSERSMITH, being first duly sworn, deposes and says:

During the period 1930 to the late spring of 1934, I was Consul General of the United States of America in Berlin. During that period and particularly during the years 1933 and until my departure for Austria in the late spring of 1934, the nature of my work brought me into frequent contact with German Government officials. As background for this statement it is pertinent to state that this contact with German Government officals in the highest categories was necessary by me as Consul General, and some of my principal associates, because of the circumstances of the period.

In the period immediately preceding the coming into power of the National Socialists it was necessary for me and some of my principal associates in the Consulate General to have contact with high officials of the German Government because of the unsettled state of affairs in Germany due to the uncertain political situation; this involved difficulties for American firms of various kinds which made the intervention of the Consulate General in the line of its regular duty necessary. In addition to this contact with the officials of the Government, as a matter of further duty, I had contact with individuals in all parties in Germany in order to keep myself and therefore our Government currently informed with regard to developments in the political picture in Germany. During that period, and before the National Socialists came into power, I therefore had contact of an informal character with persons in the National Socialist Party for the purpose of securing information as to their aims and objectives, but that contact was, before the access to power of that party, with secondary rather than with the first ranking members thereof.

Immediately after the access to power of the National Socialist Government in the beginning of 1933, all sorts of steps of an arbitrary character were taken by the new Government and by its various agencies and dependencies which affected the rights of American citizens and property and in the carrying through of my official duty as Consul General I had the primary responsibility for the protection of American citizens and property. In consequence of this responsibility I had to see frequently almost all of the high ranking members of the German Government with the exception of Hitler and a very large number of officials below the rank of Minister. The nature of my duties was such that a considerable portion of my days had to be spent in visits on such officials to discuss the protection of American interests and property. Some of these secondary officials I had known before the Party came to power, for information purposes.

It is difficult to explain adequately in a statement of this kind the circumstances under which these officials of the Nazi German Government frequently took occasion to talk to me most frankly about matters of general Nazi policy and to discuss frankly and freely the aims and purposes of the Nazi regime. Frequently our conversations were long and difficult because of the matters which I had to present and on which I had to take the firmest stand. Not infrequently at the end of such official conversations they spoke freely and without any reserve with regard to the aims of the regime.

It is the more important to bring this out in this preliminary section of my statement because I did not at any time conceal from any of these Nazi officials my complete lack of sympathy with the course which they were pursuing not did I hesitate to say to them what I considered was the danger of the course which they were pursuing not only for Germany but for Europe and the rest of the world. Their freedom of expression to me was all the more interesting in view of the fact that I never hesitated to assert in the strongest possible way the rights of the United States and of its citizens when they were violated. It requires a knowledge of the circumstances of the time, of the character and psychology of these high Nazi and secondary Nazi officials to be able to appreciate that the fact that I was forthright in my views and did not hesitate to express them and particularly that we stood out so strongly for the rights of our country and our citizens that led them to respect me and my associates and to reveal to me more than they very probably revealed to other

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foreign representatives. Whatever the reasons may have been, however, the Nazi Government officials, almost without exception from the highest to the lowest with whom I had contact, were on most occasions amazingly frank in their conversation and without any concealment of their aims.

(Omitted is a part of this affidavit in which Mr. Messersmith lists the names, and states his impressions of, the following:

1. Hermann Goering
2. General Milch
3. Hjalmar Schacht
4. Hans Frank
5. Wilhelm Frick
6. Count Schwerin von Krosigk
7. Joseph Goebbels
8. Richard Walther Darré
9. Robert Ley
10. Hans Heinrich Lammers
11. Otto Meissner
12. Franz von Papen
13. Walther Funk
14. General Wilhelm Keitel
15. Admiral Eric von Raeder
16. Admiral Karl Doenitz
17. Dr. Bohle
18. Dr. Stuckert
19. Dr. Krupp von Bohlen
20. Dr. Davidson)

In the late spring or early summer of 1934, I cannot recall the exact date, I left my post as Consul General at Berlin to go to Vienna where I remained until the late spring of 1937. During my stay in Austria, I had intimate official and personal contact with the highest officials of the Austrian Government as well as with many of the secondary and lower ranking officials. I had this intimate contact with these officials of the Austrian Government from the very outset due undoubtedly to the fact that when I came to Austria it was already well known that I was an outspoken opponent of all that the Nazi Government and leaders stood for. In consequence, even though I was the Minister of a country which was considered in Austria as having no immediate concern in Austria's foreign relations, I received much information from the many Austrian officials on developments in Austro-German relations and in their relations with other countries in Europe. Among those whom I saw frequently and from whom I obtained information were the following:

President Miklas
Chancellor Dollfuss
Chancellor Schuschnigg
Foreign Minister Berger-Waldenegg
Police President and Minister of
Security, Hofrat Skubl.

In addition, I should add that there were both in Berlin and in Vienna a corps of correspondents, many of whom were of outstanding ability and with whom I was in frequent contact.

Finally, I should say that during my stay in Austria I made fairly frequent trips to Berlin and on many of these saw and talked with the same persons whom I had known during my residence there as Consul-General. Thus I maintained my German sources of information as well as acquiring new Austrian ones.

I feel fully qualified, therefore, to speak with authority on the matters which follow in this statement. The specific conversations and events which I recite are, of course, specific facts which I set forth here as facts. As to many of them, I have refreshed my recollection as to details from contemporaneous reports and letters which I wrote during this period. The opinions which I offer are, I believe, fully warranted by the sum total of information which I received from all sources.

From the very beginnings of the Nazi Government, I was told by both high and secondary Government officials in Germany that incorporation of Austria into Germany was a political and economic necessity and that this incorporation was going to be accomplished "by whatever means were necessary". Although I cannot assign definite times and places, I am sure that at various times and places every one of the German officials whom I have listed earlier in this statement told me this, with the exception of Schacht, von Krosigk and Krupp von Bohlen. I can assert that it was fully understood by everyone in Germany who had any knowledge whatever of what was going on that Hitler and the Nazi Government were irrevocably committed to this end and the only doubt which ever existed in conversations or statements to me was "how" and "when".

At the beginnings of the Nazi regime in 1933, Germany was, of course, far too weak to permit any open threats of force against any country, such as the threats which the Nazis made in 1938. Instead it was the avowed and declared policy of the Nazi Government to accomplish the same results which they later accomplished through force through the methods which had proved so successful for them in Germany - obtain a foothold in the Cabinet, particularly in the Ministry of the Interior which controlled the police, and then quickly eliminate the opposition elements. During my stay in Austria I was told on any number of occasions by Chancellor Dollfuss, Chancellor Schuschnigg, President Miklas and other high officials of the Austrian Government that the German Government kept up constant and unceasing pressure upon the Austrian Government to agree to the inclusion of a number of Ministers with Nazi orientation. The English and French Ministers in Vienna with whom I was in constant and close contact confirmed this information through statements which they made to me of conversations which they had with high Austrian officials.

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In order to compel the Austrian Government to accept their terms the Nazis resorted to almost every conceivable measure, including economic pressure, propaganda, and most important of all, terroristic acts. My information concerning these terroristic outrages came partly from official communiques of the Austrian Government, partly from responsible news sources, and to a very considerable extent from Skubl, the Police President and later Minister of Public Security, whom I saw frequently and knew well. The Austrian secret police under the direction of Skubl, it should be noted, was one of the most efficient in all of Europe.

The outrages were an almost constant occurrence, but there were three distinct periods during which they rose to a peak. During the first two of these periods -- in mid-1933, and in early 1934--I was still in Berlin. However, during that period I was told by high Nazi officials in conversation with them that these waves of terror were being instigated and directed by them. I found no concealment in my conversations with high Nazi officials of the fact that they were responsible for these activities in Austria. These admissions were entirely consistent with the Nazi thesis that terror is necessary and must be used to impose the will of the Party not only in Germany but in other countries. I recall specifically that General Milch was one of those who spoke frankly that these outrages in Austria were being directed by the Nazi Party and expressed his concern with respect thereto and his disagreement with this definite policy of the Party.

During the wave of terroristic acts in May and June 1934, I had already assumed my duties as American Minister in Vienna. The bomb outrages during this period were directly primarily at railways, tourist centers, and the Catholic Church, which latter, in the eyes of the Nazis, was one of the strongest organizations opposing them. I recall, however, that these outrages diminished markedly for a few days during the meeting of Hitler and Mussolini in Venice in mid-June 1934. At that time Mussolini was strongly supporting the Austrian Government and was strongly and deeply interested in maintaining Austrian independence and sovereignty and in keeping down Nazi influence and activity in Austria. At that time also Hitler could not afford an open break with Mussolini and undoubtedly agreed to the short cessation of these bomb outrages on the insistence of Mussolini because he, Hitler, wished to achieve as favorable an atmosphere for the meeting between him and Mussolini as possible. The cessation of the bomb outrages during the Hitler-Mussolini conversations was considered by me and by the Austrian authorities and by all observers at that time as an open admission on the part of Hitler and the German Government that the outrages were systematically and completely instigated and controlled from Germany.

While I cannot recall at this time the details of the terroristic acts, they were fully reported in the Legation despatches of the period. These reports were based upon intimate and frequent contact with high Austrian officials and many of the details I received from the then head of the Austrian Police, Dr. Skubl. While there was no doubt whatever that these outrages had been conducted and directed by Germany, there was ample evidence as to the origin of the outrages from the fact that fragments of the bombs collected by the Austrian police showed that they were of German manufacture and had been introduced from Germany into Austria. While I do not recall having seen any of these bomb fragments myself, I recall specifically having been told by high Austrian authorities that they had seen them and that there was no doubt as to the origin of the bombs. A further proof that these outrages were directed from Germany, although in most cases the bombs were actually planted by Austrian Nazis, is found in the fact that the records of the Vienna Police and Courts at the time will show that when some of these Nazis were arrested they declared proudly that they had committed these acts.

At various times I or A. W. Kliefoth, Counselor of the Legation, reported on these outrages because of their significance. Quotations from some of these despatches are as follows:

"Trunks containing inflammable material were placed in the three leading railway stations of Vienna and timed to explode simultaneously on the evening of May 6. The damage was very slight. The police charged the Nazis with the Crime.

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"An official communique, dated May 10, announced that on the previous evening a bomb was exploded near the Philadelphia Bridge in Vienna, wounding two persons. The same evening a bomb was exploded in one of the local beer gardens, at which a picnic of the Heimwehr was being held, slightly wounding a woman".

Official despatch from Vienna dated May 15, 1934.

"During the past week the continuation of the Nazi terrorist activities in bombing public places and railway lines, with the object of damaging the Austrian tourist trade, some of which are described below, was the source of serious concern to the authorities. This terrorism was carried out according to a well organized plan, undoubtedly conducted by Nazi agents in Germany. The explosives used by the Nazis during the past week, according to the Foreign Office, were all manufactured in Germany and smuggled into Austria."

"In a communique dated May 24, the authorities also admitted a number of other bomb outrages at Braunau, Bad Ischl and Dorf an der Prem. While the damage to both life and property was small - no lives were lost - the Government admitted its inability to cope with the situation with the existing measures of security . . . .

"The authorities further confirmed officially, on May 25, a bomb explosion on May 23 in the residence of the Archbishop of Salzburg, which caused considerable damage. At Morzg, near Salzburg, on May 23, a bomb explosion wrecked a flower-kiosk, causing damages amounting to 10,000 schillings. A nine year old child was severely injured in Anleiten, near Ried."

Official Despatch from Vienna dated May 29, 1934.

"The Nazi terrorist outrages continued during the past week in spite of the Government's notification regarding the application throughout Austria of martial law for crimes of public violence. These crimes, now punishable by death, include malicious acts against public order, and damage to the railway, telegraph, telephone and wireless services of the State.

"The new development in the recent outrages was that many of the acts were directed against the property of the Roman Catholic Church, which in the eyes of the Nazis was the strongest organization opposing the Nazi regime.

"In addition to the attempted bombing of the Archbishop's palace in Salzburg, a few days previously, a bomb was exploded on May 20 in an annex to the Archbishop's palace in Feldkirch, which caused minor damages. The police charged Nazis with the outrages and arrested a number of suspects. During the night of May 27, a bomb explosion broke windows in the churches and vicarage of St. Paul in Carinthia.

"In Linz, on May 26, a bomb exploded before the entrance of one of the schools, breaking 44 windows. The school was empty at the time the outrage was committed. During the same night, an attempt was made to blow up the electric works at Braunau, causing a temporary suspension of the electric service.

"Other outrages, not reported by the press, included an attempt to blow up one of the bridges over the Danube in Vienna on May 30, a bomb explosion in one of the popular cafes, and numerous bombings of telephone and newspaper kiosks."

Official Despatch from Vienna dated June 4, 1934.

"The National Socialist terrorism in Austria, which started slowly and cautiously several weeks ago, culminated in a heavy and rather serious outbreak on June 8 to June 11, threatening not only the peace

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and security of the country, but the foreign tourist trade, an exceedingly important item in Austria's economic life. The attempts to wreck the railway lines near Vienna and in other parts of Austria, as well as terrorist outrages in the principal tourist centers, occupied the attention of the Government above all other matters. After a number of important cabinet sessions, new measures were adopted to counteract the terrorism, and the matter was also the subject of diplomatic conversations between Austria and Germany."

Official Despatch from Vienna dated June 13, 1934.

"The outrages in Austria during the week ending June 23, while almost as numerous as in the week preceding, were less violent in character. The attacks were directed, as heretofore, against the quarters of anti-Nazi associations and persons, public utilities, but less against the railway communications. Additional stores of expolsive materials were uncovered in Vienna and elsewhere."

. . . . . .

"A recent terrorist explosion in the Vienna School of Agronomy caused damages amounting to about 40,000 schillings. As a result of the Nazi outrages, the school has been closed for one week.

"In an attempted bomb attack on the post office in Bregenz, the capital of the Province of Vorarlberg, the police seized a supply of explosives bearing labels of "Sprengstoffwerke Kloster Lechfeld, G.m.b.H.", "Dynamit A.G. Hamburg, Alfred Nobel & Co.", and "Fabrik Wurzendorf", explosive factories domiciled in Germany.

Official Despatch from Vienna dated June 25, 1934.

"During the week ending June 30 there were less terrorist outrages of major importance, but the number of small outrages, bomb explosions, attacks on electric, water, and railway establishments had not decreased. The principal attacks were directed against Catholic institutions, ex-National Socialists, and the city of Salzburg. The purpose in the latter case was to frighten foreign tourists away from the Summer Music Festivals at Salzburg.

"A bomb which exploded in the Roman Catholic vicarage in Kapfenberg, in the Province of Styria, on June 24, resulted in the death of the Chaplain, Reverend Franz Eibel. Several other persons were slightly injured. The death was one of terrorism, although there were several cases of attacks. Likewise there were attacks on other Church institutions in different parts of the country.

"A series of outrages were reported on June 28 from Salzburg and adjoining tourist centers. Bombs were exploded in the market place and elsewhere, and attempts were made to blow up the electric and railway communications. The outrages were particularly directed at Salzburg at this time in view of the forthcoming Summer Festivals, which ordinarily attract thousands of non-German tourists. Similar attacks were made the same day in the Provinces of Vorarlberg and Tyrol."

Official Despatch from Vienna dated July 3, 1934.

"A series of lesser outrages were reported from all parts of Austria on Sunday, July 15. A large amount of explosives were stolen from a shop in Gloggnitz; the director of the institution was fined 600 schillings and sentenced to two weeks imprisonment for negligence in guarding the supplies. In Unterkirchen, on July 17, a bomb explosion damaged the local vicarage and the electric works. On July 18 a bomb explosion in Innsbruck injured one person, whereas in St. Kathrein a house was damaged. In Vienna on July 18 a public telephone was damaged, and set on fire. The perpetrator, a National Socialist, was immediately apprehended by the Police. At Edlach, a summer resort about 100 kilometers from Vienna, an attempt was made to bomb the railway. A similar attempt was made in a Tyrolian mountain railway station."

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Official Despatch from Vienna dated July 26, 1934.

In addition to these outrages, the Nazis attempted to bring pressure upon Austria by means of the "Austrian Legion". This organization, a para-military force of several thousand men, was stationed near the Austrian border in Germany as a constant and direct threat of violent action against Austria. It was without any question sanctioned by the Nazi Government of Germany as it could otherwise not have existed, and it was armed by them. It was made up of Austrian Nazis who had fled from Austria after committing various crimes in Austria and by Austrians in Germany who were attracted by the idle life and pay given by the German authorities.

After the July Putsch, in August 1934, in Vienna I was told by the British Military Attache in Vienna of a conversation which he had had with the German Military Attache in Vienna, General Muff. It may be observed here that to my knowledge General Muff was a rather influential person in Germany and one who played a preponderant role in the German Legation in Vienna. General Muff told the British Military Attache that he had just been in Germany and had spent three days with Hitler at Berchtesgaden, during which time he had had several conversations with Hitler. He said then - in August 1934 - that the Austrian Legion had not yet been dissolved and that Hitler had talked at length with him about the Legion. General Muff did not deem it worth while to conceal to the British Military Attache the fact that the Austrian Legion had been armed and that the Nazis had armed it. I saw General Muff later myself and received the same impression as to these facts although he was not as frank and direct in his statements with me as he had been with the British Military Attache.

The events of the Putsch of July 25, 1934, are too well known for me to repeat them in this statement. I need say here only that there can be no doubt that the Putsch was ordered and organized by the Nazi officials from Germany through their organization in Austria made up of German Nazis and Austrian Nazis. Dr. Rieth, the German Minister in Vienna, was fully familiar with all that was going to happen and that was being planned. The German Legation was located directly across the street from the British Legation and the Austrian secret police kept close watch on the persons who entered the German Legation. The British had their own secret service in Vienna at the time and they also kept a discreet surveillance over people entering the German Legation. I was told by both British and Austrian officials that a number of the men who were later found guilty by the Austrian Courts of having been implicated in the Putsch had frequented the German Legation. In addition, I personally followed very closely the activities of Dr. Rieth and I never doubted on the basis of all my information that Dr. Rieth was in close touch and constant touch with the Nazi agents in Austria; these agents being both German and Austrian. Dr. Rieth could not have been unfamiliar with the Putsch and the details in connection therewith. I recall too very definitely from my conversations with the highest officials of the Austrian Government after the Putsch, their informing me that Dr. Rieth had been in touch with von Rintelen, who it had been planned by the Nazis was to succeed Chancellor Dollfuss had the Putsch been successful.

It may be that Dr. Rieth was himself not personally sympathetic with the plans for the Putsch but there is no question that he was fully familiar with all these plans and must have given his assent thereto and connived therein.

As this Putsch was so important and was a definite attempt to overthrow the Austrian Government and resulted in the murder of the Chancellor of Austria, I took occasion to verify at the time for myself various other items of evidence indicating that the Putsch was not only made with the knowledge of the German Government but engineered by it. I found and verified that almost a month before the Putsch, Goebbels told Signor Cerruti, the Italian Ambassador in Berlin, that there would be a Nazi Government in Vienna in a month. On the evening before the Putsch, a pamphlet appeared in the streets of Berlin from which it appeared that the

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Nazi Government had full knowledge of what was planned the next day in Vienna. An attempt was made by the German authorities in Berlin to suppress this pamphlet and this effort was partly successful but copies of it were available at the time and I recall an officer of our Embassy in Berlin, whose name I cannot specifically recall at this time, informing me that he had seen a copy thereof. Articles also appeared in some of the German papers of July 25, indicating that they had information as to the time that the Putsch was to take place. I will not go into detail as to the character of the evidence but there is no question from the historical record and the facts as known to me from direct knowledge at the time that the Putsch was engineered and directed by the German Government from Berlin and Munich.

For two years following the failure of the July 25 Putsch, the Nazis remained relatively quiet in Austria. Very few terroristic acts occurred during the remainder of 1934 and as I recall in 1935 and most of 1936; this inactivity was in accordance with directives from Berlin as direct evidence to that effect, which came to my knowledge at that time, proved. Early in January, the Austrian Foreign Minister, Berger-Waldenegg, furnished me a document which I considered accurate in all respects and which stated:

"The German Minister here, von Papen, on the occasion of his last visit to Berlin, was received three times by Chancellor Hitler for fairly long conversations, and he also took this opportunity to call on Schacht and von Neurath. In these conversations the following instructions were given to him:

"During the next two years nothing can be undertaken which will give Germany external political difficulties. On this ground, everything must be avoided which could awaken the appearance of Germany interfering in the internal affairs of Austria. Chancellor Hitler will, therefore, also for this reason not endeavor to intervene in the present prevailing difficult crisis in the National Socialist Party in Austria, although he is convinced that order could be brought into the Party at once through a word from him. This word, however, he will, for foreign political reasons, give all the less, as he is convinced that the, for him, desirable ends may be reached also in another way. Naturally, Chancellor Hitler declared to the German Minister here, this does not indicate any disinterestedness in the idea of Austria's independence. Also, before everything, Germany cannot for the present withdraw Party members in Austria, and must, therefore, in spite of the very real exchange difficulties, make every effort to bring help to the persecuted National Socialist sufferers in Austria. As a result, Minister of Commerce Schacht finally gave the authorization that from then on 200,000 marks a month were to be set aside for this end (support of National Socialists in Austria). The control and the supervision of this monthly sum was to be entrusted to Engineer Reinthaler, who, through the fact that he alone had control over the money, would have a definite influence on the Party followers. In this way it would be possible to end most quickly and most easily the prevailing difficulties and division in the Austrian National Socialist Party.

"The hope was also expressed to Herr von Papen that the recently authorized foundation of German 'Ortsgruppen' of the National Socialist Party in Austria (made up of German citizens in Austria) would be so arranged as not to give the appearance that Germany is planning to interfere in Austrian internal affairs.

"He was also informed that an effort would be made through the easing of the Auslandssperre, particularly with reference to the more westerly Austrian Alps sections, so that to the German-Austrian Alpenverein (Alps Association) a particular role was to be given. The easing of the Auslandssperre was naturally only to be accorded to those who obligated themselves to visit the more westerly Austrian Alps sections and to go to fixed towns and live in specified hotels or inns."

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This policy of the Nazis was dictated solely by considerations of expediency. The basic aim of achieving Anschluss remained wholly unchanged. The brutal murder of Dollfuss, the Austrian Chancellor, and the unquestioned direct attack on Austrian sovereignty through the Putsch, directed by the German Government from Germany, had so shocked public opinion in Austria and in Europe that the Nazis could not afford for the time being to take open action.

That the policy of Anschluss remained wholly unchanged was confirmed to me by Franz von Papen when he arrived in Vienna as German Minister. It will be recalled that he accepted this assignment as German Minister even though he knew that he had been marked for execution in the St. Barthlomew's massacre on June 30, 1934. When, in accordance with protocol, he paid me a visit shortly after his arrival in Vienna, I determined that during this call there would be no reference to anything of importance and I limited the conversation strictly to platitudes which I was able to do as he was calling on me in my office. I deemed it expedient to delay my return call for several weeks in order to make it clear to von Papen that I had no sympathy with and on the other hand was familiar with the objectives of his mission in Austria. When I did call on von Papen in the German Legation, he greeted me with "Now you are in my Legation and I can control the conversation". In the baldest and most cynical manner he then proceeded to tell me that all of Southeastern Europe, to the borders of Turkey, was Germany's natural hinterland, and that he had been charged with the mission of facilitating German economic and political control over all this region for Germany. He blandly and directly said that getting control of Austria was to be the first step. He definitely stated that he was in Austria to undermine and weaken the Austrian Government and from Vienna to work towards the weakening of the Governments in the other states to the South and South East. He said that he intended to use his reputation as a good Catholic to gain influence with certain Austrians, such as Cardinal Innitzer, towards that end. He said that he was telling me this because the German Government was bound on this objective of getting this control of Southeastern Europe and there was nothing which could stop it and that our own policy and that of France and England was not realistic.

The circumstances were such, as I was calling on him in the German Legation, that I had to listen to what he had to say and of course I was prepared to hear what he had to say although I already knew what his instructions were. I was nevertheless shocked to have him speak so baldly to me and when he finished I got up and told him how shocked I was to hear the accredited representative of a supposedly friendly state to Austria admit that he was proposing to engage in activities to undermine and destroy that Government to which he was accredited. He merely smiled and said, of course this conversation was between us and that he would, of course, not be talking to others so clearly about his objectives. I have gone into this detail with regard to this conversation as it is characteristic of the absolute frankness and directness with which high Nazi officials spoke of their objectives.

Nazi activities, forced underground in this period, were by no means neglected. The Party was greatly weakened for a time as a result of the energetic measures taken against the Putsch and as a result of the public indignation. Reorganization work was soon begun. In October 1934 the Austrian Foreign Minister, Berger-Waldenegg, furnished me the following memorandum, which he told me had been supplied to the Austrian Government by a person who participated in the meeting under reference.

"A meeting of the chiefs of the Austrian National Socialist Party was held on the 29th and 30th of September, 1934, at Bad Aibling in Bavaria.

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"The meeting occupied itself principally with the reorganization of the Austrian National Socialist Party and particularly with the measures to be taken to this end in the Tirol.

"Measures were decided upon as to the means to be used to create better contact between the party leadership and its members as well as with respect to new propaganda measures.

"One principal point on the agenda had reference to the preparatory measures to be taken for taking over the power in Austria. It was decided to give to all of the Party Headquarters in Austria instructions preparatory to new Terroristic acts. The necessary material, however, is nevertheless until new instructions are issued not to be transported from the German border into Austria, but shall be kept assembled at appropriate places on the German side of the entire Austro-German frontier.

"From a report received by the Party chiefs on the situation in Vienna and upper Styria, it is established that agreements have been concluded with the Communists and with the Socialists with respect to a uniform and common procedure.

"The agents of the Party Direction in Germany have received orders in every Austrian district to prepare lists of all those persons who are known to actively support the present Government and who are prepared closely to cooperate with it.

"When the next action against the Government takes place these persons are to be proceeded against just as brutally as against all those other persons, without distinction of party, who are known to be adversaries of National Socialism.

"In a report of the Party leaders for Austria the following principles have been emphasized:

"A. The taking over of the power in Austria remains the principal duty of the Austrian National Socialist Party. Austria has for the German Reich a much greater significance and value than the Saar. The Austrian problem is <u>the problem</u>. All combat methods are consecrated by the end which they are to serve.

"B. We must on every occasion which presents itself appear to be disposed to negotiate, but arm at the same time for the struggle. The new phase of the struggle will be particularly serious and there will be this time two centers of the terror, one along the German frontier and the other along the Yugoslav frontier."

The Austrian Legion was kept in readiness in Germany. Although it was taken back some miles further from the Austrian frontier, it remained undissolved in spite of the engagement which had been taken to dissolve it. The Austrian Government received positive information to this effect from time to time which it passed on to me and I had direct information to the same effect from reliable persons coming from Germany to Vienna who actually saw the Legion.

On the surface, however, German activities consisted principally of efforts to win the support of prominent and influential men through insidious efforts of all kinds, including the use of the German Diplomatic Mission in Vienna and its facilities and personnel.

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Von Papen as German Minister entertained frequently and on a lavish scale. He approached almost every member of the Austrian Cabinet, telling them, as several of them later informed me, that Germany was bound to prevail in the long run and that they should join the winning side if they wished to enjoy positions of power and influence under German control. Of course, openly and outwardly he gave solemn assurance that Germany would respect Austrian independence and that all that she wished to do was to get rid of elements in the Austrian Government like the Chancellor, Schuschnigg and Starhemberg as head of the Heimwehr and others, and replace them by a few "nationally-minded" Austrians, which of course meant Nazis. The whole basic effort of von Papen was to bring about Anschluss.

In early 1935, the Austrian Foreign Minister, Berger-Waldenegg, informed me that in the course of a conversation with von Papen, the latter had remarked "Yes, you have your French and English friends now and you can have your independence a little longer". The Foreign Minister, of course, told me this remark in German but the foregoing is an accurate translation. The Foreign Minister told me that he had replied to von Papen "I am glad to have from your own lips your own opinion which agrees with what your chief has just said in the Saar and which you have taken such pains to deny." Von Papen appeared to be terribly upset when he realized just what he had said and tried to cover his statements, but according to Berger-Waldenegg, kept constantly getting into deeper water.

Von Papen undoubtedly achieved some successes, particularly with men like Glaise-Horstenau and others who had long favored the "Grossdeutschum" idea, but who nevertheless had been greatly disturbed by the fate of the Catholic Church. Without conscience or scruple, von Papen exploited his reputation and that of his wife as ardent and devout Catholics to overcome the fears of these Austrians in this respect.

Developments in the fall of 1935 and the spring of 1936 gave Germany an opportunity to take more positive steps in the direction of the Nazification of Austria. Italy, which had given Austria assurance of support of the most definite character against external German aggression, and on one occasion, by mobolizing her forces, had undoubtedly stopped German aggressive action which had been planned against Austria, embarked on her Abyssinian adventure. This and the reoccupation of the Rhineland in 1936 completely upset the balance in Europe. The French and the British Minister informed me that as early as August 1935, they had informed their Governments, on the basis of conversations with the Austrian Foreign Minister, that if there was to be any Danubian Pact, it would have to come into being rapidly for the Austrian Government would be forced to negotiate with Germany even though it would have no confidence that any such agreement arrived at would be respected.

The result of all these forces was the Austro-German accord of July 11, 1936, the public text is as follows:

> "Convinced that they are thereby rendering a valuable contribution toward the peaceful development of Europe, and believing that they are thereby doing the best service to the various common interests of the two German States, the Government of the German Reich and the Government of the Austrian Federal State have decided to restore normal and friendly mutual relations.
>
> "It is therefore declared:
>
> "(1) In the sense of the statement made by the Führer and Reich Chancellor on May 21, 1935 the German Government

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recognizes the full sovereignty of the Federal State of Austria:[1]

"(2) Each of these two Governments shall regard the internal political conditions of the other country, including the question of Austrian National-Socialism, as a domestic concern of that country, upon which it will exert neither direct nor indirect influence:

"(3) The Austrian Federal State Government's general policy and its policy toward Germany in particular shall be constantly guided by the Principle that Austria recognizes herself to be a German State. The Rome Protocol of 1934, together with its additional clauses of 1936, and the relations of Austria to Italy and Hungary, as partners in the said protocols are not hereby affected.

"Recognizing that the relaxation of tension desired by both parties can be brought about only if in addition certain preliminary conditions are established by the Governments of both countries, the Reich Government and the Austrian Federal Government shall in a series of detailed measures create these required preliminary conditions."

Even more important than the terms of the agreement published in the official communique, was the contemporaneous informal understanding, the most important provisions of which were, that Austria would (1) appoint a number of individuals enjoying the Chancellor's confidence but friendly to Germany to positions in the Cabinet; (2) would devise means to give the "national opposition" a role in the political life of Austria and within the framework of the Patriotic Front, and (3) would amnesty all Nazis save those convicted of the most serious offenses. This amnesty was duty announced by the Austrian Government and thousands of Nazis were released, and the first penetration of the Deutsche Nationaler into the Austrian Government was accomplished by the appointment of Dr. Guido Schmidt as Secretary of State for Foreign Affairs, and of Dr. Edmund Glaise-Horstenau as Minister without portfolio.

The significance of these arrangements can best be explained by quoting from an official despatch which I wrote in October 1934 when concern was being expressed with regard to conversations which Chancellor Schuschnigg was reported as having with the "moderate Nazis", Reinthaller and Riehl. I then reported as follows:

"It is obvious, however, that in view of certain well known facts, these conversations will be followed with interest. A major consideration which will not be disregarded is the fact that Chancellor Hitler himself has

1. On May 1935, in a speech in the Reichstag, Hitler had stated with respect to Austria (I quote from Documents on International Affairs, Vol. I. 1935, published by the Royal Institute of National Affairs, (London. 1936) p. 171):

"Germany neither intends nor wishes to interfere in the internal affairs of Austria, to annex Austria, or to conclude an "Anschluss". The German people and the German Government have, however, the very comprehensible desire, arising out of a simple feeling of solidarity due to a common national descent--namely, that the right to self-determination should be guaranteed, not only for foreign nations but to the German people everywhere. I myself believe that no regime which does not rest on public consent and is not supported by the people can continue permanently."

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always been in favor of indirect rather than direct action in bringing Austria into the German picture. It is his belief that the way to be followed is to get representatives of the National Socialist Party into the penetration. It is an indication of political astuteness, for it is quite certain, in the opinion of many objective observers, that if once a militant, even though small, National Socialist minority gets representation in the Cabinet, it will be the forerunner of absorption. To explain why this is so is rather difficult, as it requires a full appreciation of many factors at play in Germany and in Austria. Briefly, however, it may be epitomized in the terroristic policy which is one of the primary principles of National Socialism. Even before July 25, when the National Socialist Party was legally prohibited, it was very difficult to get proper police and judicial action against National Socialists who committed terroristic acts or who were plotting against the Government. This inaction came, not through sympathy with the movement or through lack of definite knowledge of overt acts, but through fear - through fear of reprisals when a National Socialist regime might come, and that if it did come, those who had proceeded, even though in the line of duty, against National Socialists, would be dealt with with the barbarity and intolerance with which National Socialism has treated its opponents in Germany. The determined attitude of the Government after July 25, strengthened the administration of justice and of the security forces, and this changed attitude came about as a result not only of the feeling within the country that National Socialism would not come now, but also as a result of the action of the powers in support of the independence of Austria. Should the conversations which the Government is having with the National Socialist groups reawaken this fear, or should there be any weakening of the attitude of the Government towards National Socialist be admitted even to indirect or subordinate participation in the Government, it would undoubtedly bring back this fear in an even more acute form and bring into what element of weakness.

"The fact that these conversations are taking place need, therefore, not be considered as being intrinsically a disturbing factor in the internal and external situation of Austria, but should these National Socialist elements in the Government, there is reason for the gravest concern, not only so far as the internal situation in Austria is concerned, but this might become the focal point of disturbance without the country..."

The sequel of the agreement was the only one which could have been expected in view of all the facts and previous recorded happenings. Active Nazi operations in Austria were resumed under the leadership of a certain Captain Leopold, who it was known definitely was in frequent touch with Hitler. The Nazi program was now to form an organization through which the Nazi could carry on their operations openly and with legal sanction in Austria. There were formed in Austria several organizations which had a legal basis but which were simply a device by which the Nazis in Austria could organize, and later seek inclusion as a unit in the Patriotic Front. The most important of these was the Ostmarkischer Verein, the sponsor of which was the Minister of the Interior Glaise-Horstenau. Through the influence of Glaise-Horstenau and the pro-Nazi Neustadter-Sturmer, this organization was declared legal by the Courts. I made specific mention of the foregoing because it shows the degree to which the situation in Austria had disintegrated as a result of the underground and open Nazi activities directed from Germany.

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Even more open recognition of the Nazis was demanded. In January 1937, Captain Leopold submitted a memorandum of Nazi demands, which, though not formally received, were known to and considered by the Austrian Cabinet.

The Leopold memorandum is as follows:

For the Internal Pacification of Austria.

(In Mr. Messersmith's affidavit there appears at this point the body of Captain Leopold's lengthy memorandum. It includes Captain Leopold's statement of the existing situation in Austria. It includes the following demands: (1) An amnesty for all punishments or privations suffered for National Socialist or National activity or sympathy; (2) equal treatment for National Socialists, including freedom of political activity and cultural activity; abolition of laws and sanctions used by the Government against Nazi activity. The memorandum advocates cooperation on the basis of political principles including: A broadening of the Patriotic Front; changes in the Cabinet; an alliance with the Reich; common racial stock as a political aim, and the application of anti-Semitic measures; an early plebiscite on Anschluss.)

Later, a petition circulated by Leopold was submitted to the Austrian Government, demanding authorization to form a "nationalistic party", which was to be incorporated as a group in the Political Front. It was a Party which its sponsorship plainly marked as openly Nazi. Pressure for the acceptance of these demands was exercised by staging frequent demonstrations and circulating propaganda, all of which was financed in and from Germany. Even as soon after July 11 as July 29, 1936, when the Olympic Torch was carried through the streets of Vienna, there were violent Nazi disorders. From then on, and until Austrian sovereignty was destroyed, there were constant arrests and trials of persons accused of distributing illegal literature or staging illegal demonstrations, accompanied by numerous press comments of more or less violence.

The Austrian Government sought to counteract this pressure in some way by allowing activity in favor of a restoration of the Hapsburgs. On his visit to Vienna in late February 1937, von Neurath took occasion to register Germany's emphatic opposition to any such move. I remember von Neurath's visit very clearly. I had known him well and was on friendly terms with him while I was stationed in Berlin. At that time and after the Nazi came into power, he had told both Ambassador Dodd and me that he had remained as Foreign Minister when the Nazi came into power in order that he might exercise "a restraining influence" and render service to his country. This may have been the initial motive of von Neurath but he rapidly became one of the most complete and in some ways effective instruments of the Nazis. If he was not in accord with what they did, he was a perfect instrument in helping to carry it through.

Although I had known him well in Berlin and had on occasions been in his house in small gatherings, when he came to Vienna in 1937, there were a number of ceremonies and receptions given by the Austrian Government to which the Diplomatic Corps was invited. When he met me at these meetings he treated me with great coolness and even disdain, knowing my complete lack of sympathy with the program to which he had committed himself, and this manner of treating me with disdain and open disregard was probably his way of protecting himself and his own feelings of shame. Shortly after the visit of von Neurath, Chancellor Schuschnigg in my conversations with him told me that in his conversations with von Neurath, during the visit, Von Neurath had been just as bad as if Habicht or Frauenfeld had been talking when they had discussed the German demands for the inclusion of Nazis in the Austrian Cabinet.

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About the same time, Schuschnigg made some concessions to ease the pressure from the Nazis. In February, he appointed a so-called "Committee of Seven", consisting among others of Dr. Jury and a man named Tavs, to discuss "nationalistic ambitions" with him. In June, following the visit of Glaise-Horstenau and General Kraus and Leopold to Hitler in Berlin, and the increased Nazi activities following, Schuschnigg appointed Seyss-Inquart and Dr. Pembauer to devise a means whereby the "Nationalists" could be incorporated into the Patriotic Front.

Dr. Seyss-Inquart himself was a prominent Vienna Lawyer, who had long been an intimate personal friend of Chancellor Schuschnigg. The Chancellor himself told me on various occasions that Dr. Seyss-Inquart had frequently attempted to convince him that the admission of the Nazi into the Austrian Cabinet would be for the best interest of Austria, in that it would relieve the pressure on Austria by Germany, and that he (Seyss-Inquart) at all times professed a sincere desire to maintain the independence of Austria. I had little personal contact with Seyss-Inquart but I knew from various sources absolutely reliable that while Seyss-Inquart was making these protestations to the Chancellor with whom he had had this intimate friendship, and which the Chancellor repaid by his confidence, Seyss-Inquart was in fact completely insincere. He was known at the time, and I had knowledge of this, to be in frequent contact with many high officials of the German Government and that he had had contact with Hitler himself. My information on this point was obtained not only from sources in Austria but also from acquaintances in Germany. There is only one thing which can be said in favor of Seyss-Inquart at the time and that is that he perhaps did believe the German protestations made to him that Austria's independence would be respected. It is difficult, however, to conceive that a man who was known to have the legal ability and intelligence of Seyss-Inquart could have been completely taken in by these protestations. The probabilities are that at least from the outset he used his friendship with Chancellor Schuschnigg in order to help to destroy the independence of his country in order to make a place for himself.

I left Vienna on, July 11, 1937, in order to assume the post of Assistant Secretary of State in Washington. I, therefore, left Vienna before the final tragedy occurred. The final outcome, however, was then already foreseeable. From the tenor of the Italian Minister's conversations with me it was clear that Italy would not or could not any longer defend Austria militarily against German aggression. It was also clear that Austria could not resist the German pressures alone. Although France had given very definite assurances as to her interest in maintaining Austria's independence and England had expressed her interest therein, the Austrian Government was less and less able to be assured of real support. When the Austrian government could no longer expect the full military support of Italy, it knew that its fate was sealed. Hitler was, therefore, free to work his will in Austria. The only question remaining was when he would do it and when he considered it opportune. The work of disintegration, set forth in this statement, had had its effect. Early in 1938, apparently satisfied that England and France would not move and knowing that Italy could not and would not oppose him, Hitler struck the final blow at Austria's independence, bringing to a climax what must be recorded in history as one of the most insidious, dastardly, unjustified and altogether effective series of measures to undermine and bring about the end of a sovereign state, during the course of which machinations and operations the Nazi Government nevertheless consistently openly proclaimed its friendliness towards Austria and its intention of maintaining its respect for its sovereignty and independence.

(Signed) G. Messersmith

Subscribed and sworn to before me,
William L. Brewster, a Vice Consul of the
United States of America, duly commissioned
and qualified, in Mexico, D.F., Mexico, this
28th day of August, 1945.

William L. Brewster
Vice Consul of the United States
of America

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Exhibit USA 662
Filed Jan. 11, 1946

OFFICE OF U. S. CHIEF OF COUNSEL
PARTIAL TRANSLATION OF DOCUMENT
NO. 3562-PS

H1231-0168

THE CHIEF PLENIPOTENTIARY
FOR THE ECONOMY.

Berlin. W. 8 1 June 1939.
Behrenstrasse 63

GBW 8/2669/39 g.Rs.

Replies to be addressed to
Leadership Staff GBW
attention of Ministerial Director Sarnow
or his deputy in the office.

TOP SECRET

TO:

a) Under-Secretary Reinhardt,
Reich Finance Ministry,

b) Under-Secretary Dr. Landfried,
Reich Ministry of Economics,

c) Chief of Military Economic Staff,
Major General Thomas,

d) Under-Secretary Dr. Neumann,
Prussian Ministry of State

e) Reichsbank Director Puhl,
Directorate of the Reichsbank,

f) General Plenipotentiary for the
Reich Administration in the Reich Ministry of the Interior,
attention of Under-Secretary Dr. Stuckart, or his deputy
in the office,

g) Ministerialdirigent Dr. Michel,
Reich Ministry of Economics,

B e r l i n

h) Councillor in the Ministry, Mr. Sussdorf,

here.

Attached please find minutes of a conference of 30 May 1939 concerning war financing. As soon as the new proposals of the Reich Ministry of Finance have been handed to me I shall take the opportunity of again referring to the matter.

Represented by

signed Dr. Posse.

Certified:

Seal of Reich
Ministry of Economics

(signature)

Justizsekretaer.

To be shown to the Minister
For his information.
(initial) 5/6

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Page 2 of document 3562 PS
(which is page 1 of the Minutes)
Partial translation commencing 9th line of text in original document.

Then a report was made of the contents of the "Notes on the Question of Internal Financing of War", of 9 May of this year (appendix to GBW 8/2179/39 top secret), in which the figures given to me by the Reichs Minister of Finance are also discussed. It was pointed out that the General Plenipotentiary for the Economy is primarily interested to introduce into the legislation for war finance, the idea of financing war expenditures by anticipating future revenues, to be expected after the war . . . . .

Page 3 of document 3562 PS
(which is page 2 of the Minutes)
translation of last paragraph of text in original document.

Undersecretary Newman, first, submitted for discussion the question whether the production would be able to meet, to the assumed extent, the demands of the army, especially if the demands of the army, as stated in the above report, would increase to approximately 14 billions in the first three months of war. He stated that, if the production potential of the present Reich territory is taken as a basis, he doubts the possibility of such a production increase.

Page 4 of document 3562 PS
(which is page 3 of the Minutes)
Partial translation commencing 13th line of text in original document.

The demands of the army would probably be higher in the first three months of war than during the further course of the war.

Page 5 of document 3562 PS
(which is page 4 of the Minutes).

Enclosure to GBW 8/2662/39 g. Rs.

TOP SECRET

List of Persons Present

at the meeting of 30th May 1939
concerning war financing

Dr. Landfried	Under-Secretary	Reich Ministry of Economics
Dr. Holtz	Councillor in the Ministry	GBW
Reinhardt	Under-Secretary	Reich Finance Ministry
Dr. Neumann	Under-Secretary	Four Year Plan
Dr. Kadgien	Regierungsrat	Four Year Plan
Krezschmann	Reichsbank Director	Reichsbank
Tischbein	Ministerial Director	Supreme Command of Armed Forces

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Dr. Danckwerts	Ministerialdirigent	Reich Ministry of the Interior
Jacobi	Oberregierungsrat	Reich Ministry of the Interior
Sussdorf	Councillor in the Ministry	GBW
Dr. Michel	Ministerialdirigent	Reich Ministry of Economics
Thomas	Major General	Supreme Command of Armed Forces.

Page 7 of document 3562 PS
(which is page 2 of "Notes Concerning Financing of War")
Partial translation of 1st and 2nd paragraphs of text in original document.

First, as concerns the scope of the total production, it is clear that the economic power of the protectorate and of other territories, possibly to be acquired, must of course be completely exhausted for the purposes of the conduct of the war. It is, however, just as clear that these territories cannot obtain any compensation from the economy of Greater Germany for the products which they will have to give us during the war, because their power must be used fully for the war and for supplying the civilian home population. It is therefore superfluous to add any amount for such compensation to the debt of the domestic German war financing. The question as to what labor forces, new products and other commodities in the Protectorate and in the territories to be acquired, can be utilized for us, and the question how these commodities can be obtained and, in a proper case, are to be paid by us, thus can be excluded from this investigation. Insofar as it should happen that, for political reasons, deliveries without any expectancy of compensation cannot be demanded of the "occupied" territories, to that extent one will be able to pay with debt certificates of the Reich and an answer to the question of settling those certificates must be found after the termination of the war . . . . . It goes without saying that the question of covering the minimum requirements of the civilian population during the war in the countries coming into our scope of Government, will remain a domestic task of such countries.

Page 14 of document 3562 PS
(which is page 9 of "Notes Concerning Financing of War")
Partial translation commencing paragraph c) of text in original document.

During the war the army can reckon, out of the economy of Greater Germany, substantially only with deliveries to the extent of that portion of production which in peacetime is attributed to the public expenditures - minus the minimum requirements of the civilian government agencies. In order to cover additional requirements of the Army the economic power of the Protectorate and of the territories to be acquired during the campaign, must be used.

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CERTIFICATE OF PARTIAL TRANSLATION
OF DOCUMENT NO. 3562-PS

3 January 1946

I, LEO LOEB, Civilian, hereby certify that I am thoroughly conversant with the English and German languages and that the above is a correct and true translation of Document No. 3562-PS, in part.

LEO LOEB
Civilian

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TRANSLATION OF DOCUMENT 699 PS
OFFICE OF U S CHIEF OF COUNSEL

Berlin W 8, August 25 39
Unter den Linden 13

Reich Minister Walter Funk

MY FUEHRER!

Let me thank you sincerely from the bottom of my heart for the good wishes you sent me for my birthday in such a friendly and kind manner. How happy and thankful we have to be to you that we are allowed to see these overwhelmingly great and world-shaking times and be able to cooperate in the mighty events of these days.

The information transmitted to me by Field Marshal Goering that you, my Fuehrer, have in principal approved last night the measures prepared by me for the financing of the war and for the shaping of wage and price conditions, and of the carrying out of an emergency sacrifice, has made me extremely happy. Herewith I report most obediently that by the careful forethought of the last few months I succeeded in making the German Reichsbank so strong internally, so unassailable from the outside, that even the heaviest shocks of the international finance and credit system cannot touch us in any way. Meanwhile, I have quite inconspicuously transferred into gold all assets in any way available of the Reich Bank and the whole Germany economy abroad. Through the suggestions I have worked out to keep down ruthlessly any non-vital consumption and any public expenses and tasks of no importance to the war. We will be in a position to satisfy all demands to be made on the finances and economy without any serious shocks.

As the plenipotentiary general for economical affairs, called upon by you, my Führer, I thought it my duty in this hour to submit this report and this vow.

Hail my Führer

WALTHER FUNK

CERTIFICATE OF TRANSLATION
OF DOCUMENT NO. 699-PS

23 November 1945

I, CHARLES E. BIDWELL, Staff Sergeant, ASN 13146054, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document 699 PS.

CHARLES E. BIDWELL
S/Sgt., 13146054

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TRANSLATION OF DOCUMENT 1050-PS
OFFICE OF U.S. CHIEF OF COUNSEL

Report
on the Preparatory Work in Eastern European Questions

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Immediately after the notification of individual Supreme Reich offices regarding the Fuehrer's decree of 20. 4. 1941 a conference with the chief of the OKW (armed forces high command) took place. After presentation of the various political aims in the proposed Reichskommissariats and presentation of personal requirements for the East, the chief of the OKW explained that a deferment (UK-stellung) would be too complicated in this case and that this matter could be carried out best by direct cancellation (Abkommandierung) by command of the chief of the OKW Generalfeldmarschall Keitel. Then issued an appropriate command which established the basis for the coming requirements. He named as deputy and liaison officer general Jodl and Maj.Gen. Warlimont. The negotiations which then commenced relative in all questions of the Eastern Territory were carried on by the gentlemen of the OKW in collaboration with officials of my office. A conference took place with Admiral Canaris to the effect that under the given confidential circumstances my office could in no way deal with any representatives of the people of the East - European area. I asked him to do this insofar as the military intelligence required it, and then to name persons to me who could count as political personalities over and above the military intelligence in order to arrange for their eventual commitment later. Admiral Canaris said that naturally also any wish not to recognize any political groups among the emigrants would be considered by him and that he was planning to proceed in accordance with my indications.

Later on I informed Generalfeldmarschall von Brauchitsch and Grossadmiral Raeder about the historical and political conceptions of the Eastern problem. In further conferences we agreed to appoint a representative of my office to the Supreme commander of the Army, respectively to the chief quartermaster and to the army groups for questions relative to political configuration and requests of the OKW. In the meantime this has been done.

Already at the outset there was a discussion with Minister of Economy (Reichswirtschaftsminister) Funk, who appointed as his permanent deputy Ministerialdirektor Dr. Schlotterer. Almost daily conferences were then held with Dr. Schlotterer with reference to the war economic intentions of the Economic Operational Staff (Wirtschaftsführungsstab) East. In this connection I had conferences with General Thomas, State Secretary (Staatssekretär) Koerner, State Secretary Backe, Ministerial Director Riecke, General Schubert and others. Far-reaching agreement was reached in the easter questions as regards direct technical work now and in the future. A few problems regarding the relationship of the proposed Reich Ministry toward the four-year plan are still open and will be subject, after submission, to a decision of the Fuehrer. In principle I declared that I in no way intended to found an economic department in my office, economics would rather be handled substantially and practically by the Reichsmarschall and the persons appointed by him, however the two responsible department heads, namely Ministerial Director Dr. Schlotterer for industrial economics and Ministerial Director Riecke for food economics, would be placed in my office as permanent liaison men, to coordinate here political aims with the economic necessities, in a department which would have to unite yet other persons for such coordinating work, depending on later and for ever (political leadership of labor unions, construction etc.)

After notification of the Reich foreign minister, the latter appointed Geheimrat Grosskopf as permanent liaison man to my office. For the requested representation in the political department of my office (headed by Reichsamtsleiter Dr. Seibbrandt) the foreign ministry released General Counsel Dr. Brautigam, who is known to me for for many years, speaks Russian, and worked for years in Russia. Negotiations wich if necessary will be placed before the Führer are under way with the foreign office regarding its wishes for the assignment of its representatives to the future Reich commissioners.

The propaganda ministry appointed State Secretary Gutterer as permanent liaison man, and a complete agreement was reached to the effect that the decisions on all political and other essays, speeches, proclamations, etc. would be made in my office; a great number of substantial works for propaganda would be delivered and the papers prepared by the propaganda ministry would be modified here if necessary. The whole practical employment of propaganda will undisputedly be subject to the Reich ministry of public enlightenment and propaganda. For the sake of closer cooperation the propaganda ministry assigns yet another person directly to my department "Enlightenment and Press" (Aufklärung und Presse) and in addition appoints a permanent press liaison man. All these activities have been going on for some time, and without attracting attention to my office in any way, this agreement on contents and terminology takes place continually every day.

Thorough discussions took place with Reichsminister Ohnesorge concerning future transmission of communication and setting up of all technical necessities in future occupied territories; with Reichsminister Seldte on the supply of labor forces, with Reichsminister Frick (State Secretary Stuckart) in detailed form on the assignment of numerous necessary officials for the commissariats. According to the present estimate there will be four Reichs Kommissariats, as approved by the Führer. I shall propose to the Führer for political and other reasons to set up a suitable number of General Commissariats (24) Main Commissariats (about 80) and Regional (Gebiet) Commissariats (over 900). A General Commissariat would correspond to a former Generalgovernment, a Main Commissariat to a Main-Government. A Regional Commissariat contains 3 or 4 Districts (Kreise). In view of the huge spaces that is the minimum number which appears necessary for a future civil government and/or administration. A portion of the officials has already been requested on the basis of the above named command of the Chief of the OKW.

In the same manner conferences have taken place with the Reich Physicians Leader (Reichsärzteführer) Dr. Conti, the Inspector of the Army Veterinary Service, and all specialists belonging thereto. The difficulties of medical and veterinary supply were thoroughly discussed and the measures were reviewed, in order to insure well-prepared employment of the forces mentioned after the end of the operations. A conference with Reichsminister Dr. Todt resulted in the assignment first of all of 4 higher leaders of the Construction Service, whereupon Dr. Todt proposed to unite administratively under one leadership the whole Construction Service.

Discussions took place with Reich Leader Mann and his chief of staff Rienhardt regarding the publication of four German newspapers in the Reich Commissariats to start with. Furthermore a number of newspapers in the prospective native tongues were considered. According to the latest information the technical forces, for this work are already at the border and may be committed at any time to determine whether the prerequisites for printing shops are present.

Discussions are also under way with Corpsleader (Korpsfuehrer) Huehnlein and with the Reich youth leadership to assure a necessary and suitable mobolization. Intensive talks also took place with the Chief of Staff (Stabschef) of the SA. He was asked to make available a number of the most reliable SA leaders for this gigantic territorry, which he agreed to do. The personnel suggestions together with other suggestions will be submitted to the Fuehrer. The same agreement has been reached with the Reich organizational leader (Reichsorganisationsleiter), who has instructed the commander of Krossinsee, Gohdes, to carry out the swelling channelling of requested persons, to admit them into Krossinsee for schooling and instruction on the whole problem and prepare them in the best manner for commitment. On the orders of Dr. Ley party member Merrenbach was then employed in order to take over already now the leadership of Russian labor unions in conjunction with the Wehrmacht. That appeared as an eminently important problem, particularly also in connection with the economic leadership, because the labor unions undoubtedly have been a powerful support of the Soviets and especially have the commitment of the German Labor Front appeared necessary under certain conditions.

Lengthly discussions regarding the relationship of the Police to the new order in the East have taken place. Certain proposed changes thereto have been suggested by the Reichsfuehrer SS and on his order by Gruppenfuehrer (SS Lt Gen) Heydrich which do not appear supportable to me for the complete authority of the German Reich government in the East. Also the documents of this problem will have to be laid before the Fuehrer for decision.

Aside from these negotiations I received the responsible deputies of the entire propaganda, namely Ministerial Director Fritsche, Ambassador Schmidt, Reich Superintendent of Broadcasting Glasmeier, Dr. Grothe OKW, and others. Without going into details of political objectives I instructed the above-named persons in confidence about the necessary attitude, with the request to tone down the whole terminology of the press, without issuing any statements.

The works for substantial coverage of the Eastern question prepared long ago appeared in my office, which I turned over to the propaganda deputies. I enclose a few samples thereof. These pamphlets, which may later be turned over to the press for development, deal with the whole structure and organization of the USSR, the economic possibilities of the East, Agriculture, the peoples of the Soviet Union, the work of the Komintern since 1889, the Jews in the Soviet Union since 1933, Statistical results of the poll taken among the Germans in Russia, the history of the Ukraine, of the Caucasus, of Turkestan, Extensive works are in preparation for the foundation of legal administration: German law in the Ukraine, German art in the Ukraine influence of the German language on the Ukrainian language, the Ukrainians from the viewpoint of the Germans. In addition a number of articles are being prepared in Russian language which have the purpose of enlightening the people of the Soviet Union about true conditions in Germany. These articles are also suitable as the basis for newspaper articles in the newly occupied territories. Finally, after extensive work, an ethnological map of the East based on the most recent statistical reports has been printed in great number and made available to all offices. This map can be used as the basis of eventual fixing of boundaries in the north as well as in the south, and offers points of departure for fixing the boundaries of the future Reich Commissariats.

As a result of these conferences, conducted for the most part by myself, continuous consultation and organizational preparation is under way through my office and through those of the liaison men delegated from the other offices of the Party and

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the State.

I may say that all the work, inasmuch as it is at-all possible under present condition, is in full swing. Aside from the General Chief commissariats more than 200 Regional Commissariats are planned, which must all be manned by political leaders, representatives of the department and officials of the Reich Ministry of the Interior. The work in the East differs basically from the conditions in the West. Whereas we can count on every technical installation and a cultured population here in the big cities, that is not the case in the East. There literally everything will have to be prepared and taken along, additionally for the gigantic spaces - not only an auto park but a great number of typewriters, office material, above all medical supplies and much more down to the bed sheets. It does not appear possible to accomplish such a project suddenly in 14 days, therefor all these arrangements had to be set in full motion already now on my responsibility on the basis of the Fuehrer's decree.

The structure of my office itself is temporarily organized as follows in carrying out the Fuehrer's order. I have requested Gauleiter and Reichsstatthalter Dr. Meyer as my permanent representative. He has negotiated personally and thoroughly, throughout the whole time with all pertinent offices, in order to develop all aspects down to the details. A political department has been founded for the execution of the substantical work, under my co-worker of many years Dr. Scibbrandt (deputy General Consul Dr. Krautigam), who prepares the various books and pamphlets for information. A great number of propaganda leaflets have been composed by him which will then have to be scattered over the Russian front in huge numbers by the armed forces. Also for a specific time other leaflets are ready which are addressed directly to the individual races. I do not care to decide on this date for myself, and will lay these originals before the Fuehrer at the first opportunity with the request to check the contents and determine the time of the eventually approved appeals. The political department is also undertaking a thorough investigation of all those, with the exception of Russians, who eventually can be used as advisors for the administration of the various nationalities. Continuous discussions about this subject are under way with representatives of the OKW, the propaganda ministry, etc. Secondly a department of economic - political cooperation has been founded under direction of Oberbereichsleiter Mallotke. A department of "Law, Finance, and Administration" has been taken over by Reichsrundfunkpresident Runte. A department for Culture and Science is as yet unoccupied since the development of this question does not appear urgent. Also the department "Enlightenment and Press", it is occupied by Major of the Air Force Carl Cranz, deputy Job Zimmermann. Integrated here are co-workers who command the Russian, Ukrainian, and other languages. The wishes of the Reich Press Chief (Reichspressechef) for setting up one press chief for each Reichskommissar are under discussion in order to decide them in that sense if possible.

Thus I hope that when, after preliminary conclusion of the military action the Fuehrer has the possibility for a report from me, I shall be able to report to the Fuehrer for reaching preparations, up to those points of special and personal nature which the Fuehrer alone can decide.

CERTIFICATE OF TRANSLATION
OF DOCUMENT NO. 1039-PS 9. November 1945

I, WOLFGANG E. THORMANN, M/SGT. 33779426, hereby certify that I am thoroughly conversant with the English and German languages; and that the above is a true and correct translation of Document 1039-PS

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